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# Greenspan Hints **At Lower Rates**

U.S. Is Sound but Hurt by Asia, He Says; Dow Posts Solid Gain

By Mitchell Martin

NEW YORK - The economic crises in emerging markets are starting to affect the United States, Alan Greenspan, the chairman of the Federal Reserve Board, told Congress on Wednesday, indicating that the central bank was growing more

amenable to a reduction in interest rates. His testimony to the Senate Budget Committee helped send the Dow Jones industrial average more than 250 points higher, as investors were heartened by the thought that a looser policy by the Fed would bolster corporate profits and diminish the appeal of fixed-income in-

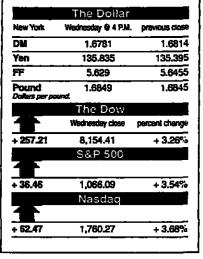
vestments. (Page 14)
In widely anticipated testimony, Mr.
Greenspan told the Senate Budget Committee that there was no doubt the currency crisis that began 14 months ago in Thailand had entered a new "more virulent phase" with the collapse last month of the Russian economy.

"With few signs that the financial crisis that started in Asia last year has subsided, or is about to do so, policy-makers around the world have to be especially sensitive to the deepening signs of global distress, which can impact their own economies," Mr. Greenspan said. He said the financial crises in other

countries had started to affect the United States, or at least its securities markets.

Carol Stone, senior economist at Nomura Securities International, said the idea that the U.S. effects were likely to intensify was a sign that the central bank was moving toward a rate cut. She added, however, that Mr. Greenspan's comments did not seem to indicate the central bank would move quickly. The Federal Open Market Committee is scheduled to meet next week to decide interest-rate policy.

Mr. Greenspan said that if the committee did decide to cut rates, it would be because such a move was required for



the health of the American economy, not as a direct response to events overseas. 'Even though we at the FOMC find the events in the rest of the world to be of

crucial importance to us, it is because they are important to the U.S. economy

that we are evaluating them at such level of detail," the central banker said.

The Federal Reserve's monetary policy "will be related to what is going on in our

economy in our country," he added.

Last summer, economies across Asia began to crumble as investors feared they had poured too much money into the economies of Southeast Asia, which had been

expanding rapidly for most of the decade.

When the flood of foreign capital dried up, owners of unprofitable projects in the affected countries were unable to pay their debts, setting off a chain of bankruptcies that further reduced the

availability of foreign investment. \*The most recent more virulent phase of the crisis has infected our markets as well," Mr. Greenspan said Wednesday. \*Concerns about business profits and a general pulling back from risk-taking in the midst of great uncertainty around the globe have driven down stock prices and ned up rates on rated borrowers."

But the central bank chairman, as he often does, qualified his statement, saying there was "little evidence to date" that "foreign problems or the tightening in financial conditions in domestic markets have produced any significant underlying weakness in the American economy as a whole.'

Still, he continued, "the restraining effects of recent developments on the U.S. economy are likely to intensify." Disappointing corporate profits in some industries, notably manufacturing, suggests "some stretching out of capital

investment plans in the months ahead." When companies slow their expansion plans, they reduce hiring and purchasing of new equipment, exerting downward pressure on economic growth. Mr. Greenspan noted that falling stock prices and rising financing costs for low-rated borrowers could depress spending by households and businesses.

In July, Mr. Greenspan told the Senate Banking Committee that inflation was a

See GREENSPAN, Page 7

week — after her husband's arrest on

Sunday -- that she would lead the op-

position movement that Mr. Anwar

started after being dismissed as deputy

prime minister and finance minister on

around her house and the ban on rallies.

the prospects of a continuing challenge

to the 17-year rule of Prime Minister

Outside a courthouse where Miss

Azizah made a brief appearance Wed-

nesday, a man who shouted "re-

formasi!" (reform) as she walked past

was handcuffed and hauled away by

In Kuala Lumpur on Wednesday, the

streets of the city were calm, a contrast to

Sunday, when Mr. Anwar led the largest

plainclothes policemen.

Mahathir bin Mohamad seem dim.

But with a heavy police presence

# Gingrich Cool on Bid To Cut Deal For Clinton

Upcoming Election Ĥas Become a Factor, Democrats Maintain

> By Brian Knowlton ional Herald Tribune

WASHINGTON — Representative Newt Gingrich, speaker of the House, on Wednesday dismissed growing pres-sure from the White House for a congressional agreement with President Bill Clinton that would avoid an im-

peachment inquiry.
To cut short the House investigation of the Monica Lewinsky matter, the Georgia Republican said, "puts the cart before the horse.'

"I don't understand how people can rush to a solution before they finish the investigation," Mr. Gingrich said. "There's an awful lot of evidence that hasn't been gathered yet. People need to allow the process to go forward in an orderly manner and not assume that they know what the final outcome will be

But the White House, seemingly emboldened by signs of continued public support for Mr. Clinton after the broadcast of his taped grand jury testimony, squarely blamed Mr. Gingrich for pro-

longing the congressional process.
"The fact that this matter is now going to drag on and on and on endlessly has to be laid at the foot of Speaker Gingrich," said the White House spokesman, Michael McCurry.

The president has deployed aides to Capitol Hill to encourage Democrats and Republicans to coalesce around an agreement, and Mr. McCurry confirmed that Mr. Clinton had spoken to several members of Congress about a possible negotiated outcome to the eight-month-old crisis.

Other Democratic figures, including a former White House chief of staff, Leon Panetta, were continuing to explore and promote the idea of some sort of punishment for Mr. Clinton short of

There are few deadlines dictating how the House proceeds in considering the allegations that Mr. Clinton committed perjury, obstructed justice and abused power in connection with his relationship with Ms. Lewinsky.

But one inescapable date looms on the calendar: Nov. 3, when midterm legislative elections will be held across the United States. That date appears to be infusing the rhetoric on both sides with new urgency and determination.

The House Democratic leader, Representative Richard Gephardt of Missouri, suggested that electoral considerations were motivating some Republicans to drag out the process. He called on the House to act expeditiously and conclude its responsibilities in the matter in 30 to 60 days.

"For the sake of the country and in the interests of limiting the exposure of our children to this kind of detail in an atmosphere of wall-to-wall media coverage, this needs to be dealt with with due process and justice but also deliberate speed," Mr. Gephardt said.

See CLINTON, Page 4



Mr. Gephardt, left, Mr. Gingrich and Mr. Clinton applauding Nelson Mandela at the U.S. Capitol on Wednesday.

# 'Grand Coalition' for Germany?

In a Tight Campaign, Even Kohl Appears to Accept Possibility

By John Vinocur

HAMBURG — The German election on Sunday is now so close and its outcome so uncertain that both leading parties are acknowledging a variety of possible results — even a Grand Coalition without Helmut Kohl or Gerhard Schroeder as the new chancel-

All the country's major polling or-ganizations point to the Social Democrats (SPD) and Mr. Schroeder as the leading vote-getters. But the progress of Mr. Kohl's Christian Democrats (CDU) in narrowing the gap to a few as chancellor, a Grand Coalition of the points, an undecided pool of between two major parties led by Mr.

20 to 30 percent of the electorate, and the uncertain performance of three smaller parties make the race one of the most wide-open in Germany's postwar history.

The campaign has gone from a situation in June where Mr. Schroeder held leads in the polls of more than 10 points, and was regarded as a virtually certain winner, to one in which at least four different types of government could emerge: a re-elected right-of-center coalition of Christian Demo-crats and Free Democrats led by Mr. Kohl, a left grouping of Social Demo-crats and Greens with Mr. Schroeder as chancellor, a Grand Coalition of the

alition with Wolfgang Schaeuble, the Christian Democratic parliamentary leader and designated successor to Mr. Kohl, as the likely new chancellor.

The Christian Democrats now contend they have succeeded in erasing the notion that voting for Mr. Kohl meant backing a loser, and that the momentum they have created in the last weeks makes the CDU the more likely choice of the undecided. One CDU candidate, who asked not be identified, said the party had indications it would win at least 55 percent of the still undecided vote in what he

See GERMANY, Page 7

# Everything Is Over,' as Philippine Airlines Shuts Down

Owner and Union Can't Agree on Saving Carrier

By Don Kirk

Philippine Airlines, the oldest carrier in Asia, went out of business at midnight Wednesday after 11th-hour talks mediated by the government failed to resolve differences between the Philippines' richest man and its toughest labor

Still brandishing its slogan, "Asia's sunniest airline," Philippine Airlines Inc. flew its final outbound flight into the sunset over Manila Bay in a farewell to a nation it had first served more than a half-century ago, before the Japanese conquest of the Philippines at the outset

of World War IL As the midnight deadline in the negotiations to save the airline approached, the enormousness of the consequences of ending a service that

seemed essential to binding the Philippines' 8,000 islands and scores of linguistic and cultural groupings began to grip the nation. Television networks broadcast live reports from Ninoy Aquino Airport, serving Manila, and officials talked of "emergency" plans

to hold the country together. The impression was that nothing could adequately replace the airline that flew, with tremendous financial losses, not merely to other major destinations but to dozens of provincial capitals that now would have to rely on slow-moving ferry boats as their only links to the rest

of the country. President Joseph Estrada admitted failure in his efforts to bring Lucio Tan, the self-made billionaire who controlled the carrier, to terms with leaders of the

See AIRLINE, Page 7



A janitor mopping up Wednesday as the flag carrier neared shutdown.

# Lewinsky Case's Low Point

First Starr Confrontation Was Harsh, Critics Say

By Michael Grunwald Washington Post Service

WASHINGTON - The first time Monica Lewinsky met with Kenneth Starr's team of investigators, on Jan. 16, she told them she would like some

They gave her some. She said she wanted them to turn off the air-conditioning. They did.
She said she would like some aspirin.

Again, no problem. She said she wanted to go to the rest noom. They let her go, of course. She even said she wanted to go shopping while she was waiting for her mother to come from New York. So

Michael Emmick of the Starr team escorted her around Pentagon City Mall. But there was something else that Ms. Lewinsky said she wanted, on that day in January, after FBI agents surprised her on her way to lunch with Linda

Tripp, her White House and Pentagon co-worker, and whisked her to the Ritz-Carlton Hotel to talk about cooperating in an investigation of President Bill

She said she wanted to call her lawyer, Francis Carter. On that request Mr. Starr's office was not so accommodating.
With the release of Ms. Lewinsky's

emotional grand jury testimony as well as Mr. Starr's records of the 12-hour meeting at the hotel, the independent counsel's critics are pointing to the meeting as a stark example at least of overzealousness, if not actual miscon-

See STARR, Page 4

# AGENDA U.S.-Bound Hurricane Kills 10 in Haiti

A hurricane killed at least 10 people Wednesday as it swept across Haiti on a northwestern course toward South Florida.

South Florida was under a hurricane watch, with 100,000 people ordered to leave the Florida Keys, while warnings were declared in Cuba from Sancti Spiritus Province eastward and in the central and southern Bahamas.

The storm, designated George,

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NIGERIA: A FRESH START

caught the capital of the Dominican Republic, Santo Domingo, on the south coast, almost entirely unprepared Tuesday. It caused the deaths of at least 12 people and set off looting and street violence. Page 2.

# Sosa Reaches No. 65

Sammy Sosa hit home runs No. 64 and No. 65 on Wednesday to tie Mark McGwire for the major-league baseball record.

The Chicago Cubs' slugger snapped an 0-for-21 slump with a bases-empty shot to right field with one out in the fifth against the Brewers in Milwaukee. Sosa had not gotten a hit and had struck out eight times since hitting No. 63, a grand slam, on Sept. 16 in San Diego. (Page 26)

# **Malaysia Police Question** Wife of Jailed Dissident

By Thomas Fuller uional Herald Tribun

KUALA LUMPUR - Malaysian police Wednesday questioned the wife of the ousted deputy prime minister and tightened restrictions on the country's month-old opposition movement, ban-

Azizah Ismail, wife of Anwar Ibrahim, now under arrest, was asked about statements she made this week, including comments on a regional television network in which she raised the possibility that Mr. Anwar would be injected with the HIV virus. Police said

the comment was seditious. Miss Azizah announced earlier in the

ning further political rallies.

# In Siberia, Lebed Attempts to Make Inflation Illegal

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Denmark .....14.00 DKr Oman ......... 1.250 OR Finland ...... 12.00 FM Qetar ......... 10.00 QR .....£ 0.85 Rep. ireland.\_IR £ 1.00 Great Britain....£ 0.90 Saudi Arabia ....10 SR Egypt .....£ 5.50 S. Africa....R12 + VAT Jordan.......1.250 JD U.A.E........10.00 Dh ..K. SH. 160 U.S. Mal. (Eur.) ....\$ 1.20



New York Times Service KRASNOYARSK, Russia - With the stoicism that typifies the hardy inhabitants of this Siberian territory, Nica Popova thought she could ride out the

By Michael R. Gordon

But last week, tax inspectors barged into her small food shop. After poring through her ledgers, they warned that she had violated Governor Alexander economic storm. Lebed's new "anti-crisis" decree.

"They said we can only charge 10 percent more than we pay for the food," she said. "But we have to pay for electricity and heat. We have to pay for security, and we have to pay salaries. If they force this decree on us we simply won't survive."

Russia's financial crisis has not only rocked Moscow's political establishment. It has also stirred many of Russia's far-flung regions to set their own economic course and establish price controls.

Mr. Lebed, a former general, a future presidential hopeful and the new governor of this vast Siberian region, has led the charge.

Angry at the soaring prices that have stunned Russians, the powerful governor has not just declared war on inflation. He has tried to make it illegal. He is hardly alone. From the city of Novgorod,

northwest of Moscow, to the Siberian territory of Yakutia, the authorities are taking a page out of the socialist playbook and intervening to set prices. Russia is fast becoming a crazy quilt of zones with Draconian price controls, territories with milder price restrictions and regions with no controls at all. The populist decrees have brought a measure of comfort to consumers shocked by sharp jumps in

prices for food and medicine. "We may infringe on the rights of people but it is in their interest," Mr. Lebed said in an interview. "The strict measures have played their role and soon will be

abolished." But the stop-gap controls also contain the seeds of new problems.

Stores and factories complain they are being denied the profit they need to weather Russia's raging eco-nomic storm. Shortages have emerged, as producers ship their goods to places where prices are unres-

See LEBED, Page 7

demonstration in the city's history. Those protests were followed by clashes with police on Monday and the arrest of

Mr. Anwar's closest political allies. So far, more than 130 people have been arrested for disturbances related to Mr. Anwar. Two of his aides were ordered released by the courts this week, despite police applications to extend-their detention. Mohamad Ahmad, re-.

leased Wednesday, and Azmin Ali, released Tuesday, were private secretaries to Mr. Anwar. For two weeks before his imprisonment, Mr. Anwar, 51, had toured the country speaking to large crowds about the need for reform with little police

With the announcement Wednesday,

See MALAYSIA, Page 7

# British Pet Owners Pick Exile Over Quarantine

By Sarah Lyall New York Times Service

¶UENGIROLA, Spain — Like many of the British scattered around southern Spain, Cecilia Riber and her husband moved to this coastal town when they retired, drawn to its warm climate and relaxed way of life. But Riber died six years ago, and now, after 15 years away from home, Mrs. Riber is ready to go

"Basically, my family is start-ing to worry that I'm on my own here, and I'm not getting any

But as eager as she is to return to England, Mrs. Riber, 68, is one of a number of displaced Britons here and around Western Europe who are caught in a strange sort of limbo, one that has forced them to weigh love of country against

Under the 77-year-old British rabies law, if Mrs. Riber took her mixed-breed hound, Scruffy, back to England with her, he would be required to spend six months in quarantine, serving his time in solitary confinement in one of the 80 or so kennels li-

censed by the British government. He would not be allowed to play with other dogs. He would not be allowed to go for walks. And, Mrs. Riber says, she just will not do it to him.
"I know I can't go back to England

because he wouldn't be able to survive in a kennel for six months," Mrs. Riber said of Scruffy, who is no youngster himself, nearing 13 and suf-fering from an enlarged heart that has left him short of breath and slow on his feet. "He's very important to me, particularly as I'm on my own now. And that's why I'm staying here. I won't leave him. I can't leave him."

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There are people like Mrs. Riber all over southern Spain, in France, in the Netherlands, in Switzerland. The painter David Hockney and the actor Rupert Everett, who are both British and live abroad, have refused to move back to England because of the rabies

Probably the most famous antipuarantine campaigner is Christopher Patten, the last British governor in Hong Kong, who moved back to London last year but left his beloved

Norfolk terriers, Whisky and Soda, with dog-loving friends in France.
The quarantine law, which applies to all domestic mammals, dates from a time when rabies was a serious problem. But now, with the disease eradicated in some parts of the world or kept at bay by vaccinations in others, and-di uarantine campaigners say it is time for Britain to scrap its law. They are bitterly opposed by the country's \$14.5 million-a-year quarantine kennel industry, which argues that it would be foolish to change a law that has been so apparently successful (and so lucrative).

There are signs that years of antiquarantine agitation, from people both within and outside Britain, are finally, slowly paying off.

But even if the government accepts the need for change, it will probably

By Frank J. Prial

NEW YORK - Louis P. Martini, 79,

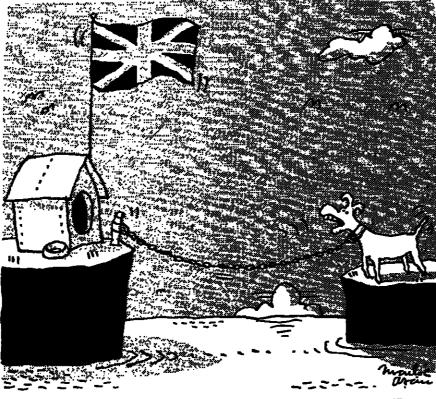
a leading figure in the California wine business and chairman of the Louis M.

Martini Winery in Napa Valley, died Monday at his home in St. Helena, Cali-

forma. The cause of death was cancer,

The Martini family has been involved

his family said.



# **U.K.** Plans to Limit Isolation With Passport' Chip Implants

ONDON - The British government unveiled plans Wednesday to relax its quarantine law, which has been condemned as cruel for requiring all pets entering the country to spend six months in isolation.

The junior agriculture minister, Nick Brown, said the government remained determined to keep the rabies virus out of Britain. But it was proposing a high-tech "pet passport" program, which would allow pets entering Britain from Western Europe and other low-risk regions, such as New Zealand

and Australia, to avoid quarantine. The proposals are contained in a report published by an independent task force that sought a way to ease the strict quarantine laws without put-

ting the country at risk from rabies. ... Mr. Brown said in a BBC radio interview that the government would consult experts and animal rights groups before amending the quarant-

Under the proposed program, a mi-crochip would be inserted under the skin of each pet so it could be identified by an electronic scanner at ports and airports to ensure it had received an anti-rables vaccination.

Animals would also have to be deloused, and owners would have to produce certificates to prove the pet had been checked by a veterinarian no more than 24 hours before entering Britain.

"The government's priority is to make sure that our country remains rabies-free," Mr. Brown said. "Protection of the public comes first."

winery as the L. M. Martini Grape Products Co. in 1922 in Kingsburg, near

Fresno. The elder Martini, who never

thought of Prohibition as anything more

than a temporary aberration, began plan-

ning the expansion of his business while

In 1933, he moved to the Napa Valley

and changed the company's name to the

other wine companies were closing.

But he added: "The instance of rables in pets in Western Europe is virtually nonexistent."

An Agriculture Ministry spokesman said that although the consultation should end by the end of the year, the new measures will take at least three years to introduce because of the need for legislation and a lengthy mplementation period.

Quarantine will be maintained for animals coming from higher-risk areas, notably Eastern Europe, the United States, South America, Africa and parts of Asia.

The quarantine rule has come un-

der increasing pressure from animallovers who say rabies-control techniques have made quarantine need-less. About 100 animals die each year in quarantine kennels, according to animal rights groups.

The passport system is also expected to be cheaper, costing about £300 to £400 (\$500 to \$670), compared with at least £1,500 to keep a dog in solitary confinement for six months.

The Royal Society for the Protection of Animals backed the proposals, vith a spokesman saying they would be "more effective and more humane than the current quarantine system.'

But the president of the British Veterinary Association, Ted Chand-ler, said they might not keep rabies "If it works the same as our pass-

ports," he said, "it's going to be pretty feeble." "Just flashing a document in a long

queue of people coming into the country is no check at all," he told BBC

be at least a year before anything actually happens, said a spokes-man for the Ministry of Agriculture, Fisheries and Food, which administers the law. Until then, people like Mrs. Riber are

simply waiting.
"My life is on hold," said Mrs. Riber, who sold her house and rented a temporary apartment recently. "I'm leaving the minute the regulation is changed."

p in the hill town of Alhaurin el Grande, Elizabeth Collins put il a different way. wait until he dies," she said, speaking of her dog, Sam, "or, I guess, until the law changes."

Sam, a mixed-breed dog with a strong suggestion of German shepherd, is ill and probably does not have made horse than a year to

not have much more than a year to live anyway, said Mrs. Collins, whose husband died recently and who wants to go home to England. "My daughter thinks I'm being sentimental, that a dog's a dog and I should just have him put down.
"But I say: 'Sam's my friend. I

wouldn't do that to him.' In desperation, more and more eople are turning to smuggling to skirt the quarantine law. Some conceal their pets in bags or boxes

and sneak them through the Channel Tunnel Others pay professional smugglers upward of several thousand dollars to bring the animals in by boat or truck.

"It's surprisingly easy," said Peter Harrison, a British writer and kennel operator here in Spain. By way of testing the system, he recently flew to London carrying a box stamped "Live Animals," which he occasionally opened and put in food. No one

stopped him. While up to 10,000 dogs and cats are smuggled into Britain each year, according to one estimate, many people are reluctant to use the method.

John Nicholson said he would be afraid for the safety of Bella, his Staffordshire bull terrier. He loves Bella so much that when he and his wife had a baby "the opinion was that if Bella didn't get on with the baby, then the baby was going."

"You don't know what kind of trauma she could go through," said Mr. Nicholson, who runs a laundry business in a tourist enclave in Él Faro, "They can take them and just drop them in a hole somewhere.

Marie Dixon, a Briton who runs a poolside bar with her husband, Bill, in the coastal town of Benalmadena, said of Major, her 14-year-old retriever: "Let's put it this way - I'd be in a mental institution if anything naddened to dim." vowed never to put Major back in quarantine after a traumatic stay a decade ago when he came out emaciated and depressed, his spirit subdued by the experience.

So they remain in Spain, their dog having won out over their home country. "Look at it from his point of view," Mrs. Dixon said. "Six months of a dog's life is a long time. You're putting him in prison for three and a half years, in his terms, and he's done

# - a some Find It peanut Gan Hurricane Lashes Haiti On Its March Toward U.S.

100,000 in Florida Keys Told to Flee to Mainland

PORT-AU-PRINCE, Haiti - The violent winds and rains of the hurricane designated Georges struck Haiti on Wednesday, unleashing flash floods and killing at least 10 people in the impoverished Caribbean country.

As Georges marched relentlessly to

the northwest, a hurricane watch was posted for South Florida. As many as 100,000 people in the Florida Keys were being ordered to leave for the mainland. The hurricane's unofficial death toll was 37, including 12 in the Dominican Republic, where Georges set off looting and street violence. Two of the dead

were looters shot by the police.
Radio Metropole in Haiti reported that nine people were killed when floodwaters collapsed two homes in a Portan-Prince neighborhood. A 10th death

was reported in the coastal town of Elsewhere, battering ocean waves swamped the seaside boulevard in the northern Haitian city of Cap-Haitien, and tin roofs flew off homes.

The Haitian government had been able to muster only \$130,000 for emergency assistance, said a civil defense

spokeswoman, Yolaine Surena. Mountain erosion and a lack of maintenance have left drainage systems in Haitian cities choked with silt and unable to alleviate flash floods, said Renan Jean-Louis, a meteorologist.

Jean-Louis, a meteorologist.

Ernst Wilson, an environmentalist in Haiti, said Wednesday: "Foundations give way every time the rain falls. The environment is deteriorating ceaselessly because there is no government enforcement of zoning regulations."

In November 1994, the tropical storm designated Gordon killed at least 1,000 in Haiti's southern provinces drowning

in Haiti's southern provinces, drowning them in torrential streams or burying them in mudslides.

Warnings were declared in Cuba from Sancti Spiritus province eastward and in the central and southern Bahamas. President Fidel Castro put his ministers on alert.

'No one will be forgotten in this new battle by the Cuban people," Mexico's official Notimex news agency quoted Mr. Castro as saying. "We are a nation that has overcome adversity with

unity."
Georges caught the capital of the Dominican Republic, Santo Domingo, on the south coast, almost entirely unprepared Tuesday. Forecasters had expected the storm to hit the northern
Dominican coast. In Santo Domingo,
leoters waded waist deep in water, balancing televisions and air-conditioners—quitoes and I have nowhere to go."



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A Miami resident stocking up Wednesday as the hurricane neared.

on their heads even as winds of 110 miles an hour (175 kilometers an hour) toppled trees and crushed houses. Bands; of youths with machetes and pistols coamed the streets.

Authorities said 80 percent of the roads in Santo Domingo were impassable because of downed trees and power

lines and widespread flooding.
In Florida, the hurricane watch included Monroe, Miami Dade, Broward and Collier counties.

The evacuation began in the lower Florida Keys at 7 A.M. and was to move up the island chain in phases. A single highway connects the 110-mile ribbon of islands, and officials were worried about gridlock as people tried to leave.

"They want to move people who are the farthest away first," said Barbara Doran, of Florida's state emergency management office.

The hurricane was on a trajectory that could send it crashing into the Keys by, ate Thursday or early Friday.

Georges' winds dropped from 110 miles an hour Tuesday to 75 miles an! hour Wednesday as it moved across the island of Hispaniola, but were expected to strengthen over open water.

In Puerto Rico, where damages are: expected to amount to hundreds of millions of dollars, residents began the task; of recovery.

"After the storm is always the

worst," said Paula Aponte Figueroa, 71,;

# 49 Killed in Heavy Fighting In Lesotho's Lawless Capital

MASERU, Lesotho - Botswanan soldiers and the Lesotho police battled on Wednesday to control bands of looters in the burned and lawless capital of Lesotho after heavy fighting overnight left a total of 49 fighters from both sides

crackled through the streets all morning as looters played cat-and-mouse with the police and soldiers.

Shots from small arms and rifles

Rioters burned and wrecked shops and offices, and garbage was strewn across the streets in the city center.

Foreign Minister Tom Thabane said in an interview that the destruction wrought by opposition party supporters after seven weeks of anti-government

protests would delay peace talks.

"They have burned the city," he said. "They have burned people's houses. The way to go now is to look at

their criminality. 'I don't see how we can sit at a table with those criminals."

South Africa and Botswana sent troops and equipment into Lesotho on Tuesday in response to an appeal for help from Prime Minister Pakalitha Mosisili, who said his government had lost control of the army.

But the operation backfired, turning a simmering conflict with five casualties over seven weeks into an urban war between supporters of the Maseru government and soldiers and political parties demanding its resignation. The opposition accuses Mr. Mosi-

sili's ruling party of rigging the May general election to win 79 out of 80 On Wednesday, South Africa added

columns of armored trucks mounting heavy cannon and mortars to the 6005 man force that went into Lesotho on Tuesday and promised to intensify the battle against Lesotho Defense Force mutineers.

The South African National Defense Force said in a statement in Pretoria that nine of its men had been killed and estimated losses among the Lesotho Defense Force dissidents at about 40 by early Wednesday.
The South African forces said they

had gained control of two military bases, the grounds of King Letsie III's palace, the city center and the Katse Dam construction project.



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Louis M. Martini Winery. Louis Peter Martini was born in Livin the California wine industry for more ermore and grew up in Kingsburg, than 70 years. Mr. Martini's father, working in the winery and in the vine-Louis M. Martini, founded the family yards as a boy. He graduated from the TRAVEL UPDATE

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Respons PK Chosa

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Louis Martini, a California Winemaker, Dies at 79

joined the winery as vice president in 946 and became the winemaker in 1954; wines he made in the 1950s and 1960s are still prized by collectors.

Mr. Martini worked in the shadow of his flamboyant father until the elder Martini's death in 1974. While he was a major producer of fine wine and an important behind-the-scenes industry leader, Mr. Martini avoided the wellpublicized social side of Napa Valley

Olympic to Fly

Despite Strike

announced Wednesday.

Olympic said its own em-

ployees and ground crews would replace strikers during the strike, set to start Thurs-

day. But hundreds of regu-

larly scheduled flights to and from Greece by foreign car-

riers and charter companies

More See Cyprus

NICOSIA (Reuters) —

Tourist arrivals to Cyprus rose sharply by 12.5 percent

for the year ending in July,

Arrivals rose to 309,983

ly 1997. Some 44.6 percent of Middle East

compared with 275,535 in Ju-

tourists were from Britain,

followed by 10.6 percent from Russia, and 6.2 percent from Germany. Women represent-

ed 55.7 percent of arrivals.

officials said Wednesday.

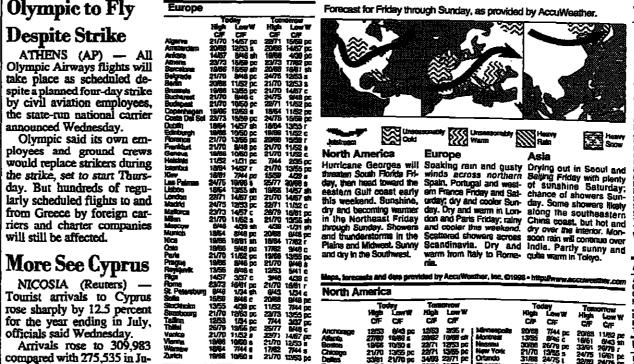
will still be affected.

University of California at Berkeley in 1941 and spent four years in the Army Air Forces during World War II. He But his achievements were numerous. In the '50s and '60s, he helped improve grape quality by identifying and propagating superior grape clones.

He developed vineyards in the Carneros district of the valley when it was considered useful only for grazing sheep and he is credited with making the first Carneros varietal pinot noir in Today, many of the best California

pinot noirs come from Carneros.

### WEATHER



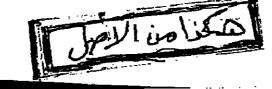
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# Some Find It Nutty In Peanut Gallery Lunch Hysteria Spooks School

New York Times Service

NEW YORK - As any there is probably no surer icans with Disabilities Act. Staple of childhood than peanut butter, a pure product of the bans have gone too far hual rate of 3 pounds (1.4 kilograms) per person.

door. Cheap, nutritious, popular and traditional, it has nonetheless taken its place on asbestos and lead - that send shivers down the spines of

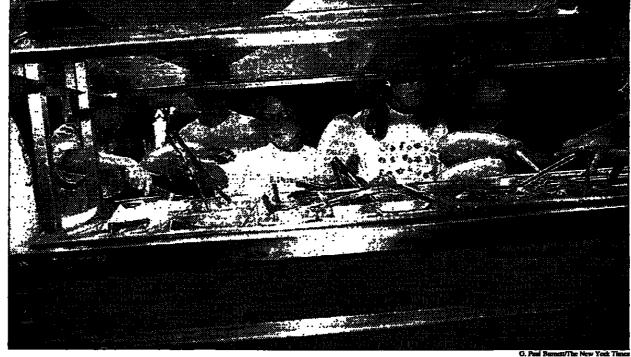
Prodded by parents warneontentions of some researchers that peanut allergies are on the rise and, not least, by a fear of litigation, growing numbers of public and private schools across the United States have banned peanut butter from their cafeterias. nuts, between 1979 and the Others have declared peanutend of 1995. But allergists free zones or set up commitfree zones or set up commit-tees to figure out what to do. supported by the food allergies network contend that fatalities School officials find them-

being swept up in a faddish hysteria and of trying to anticipate potential legal reper-American parent can testify, cussions of the 1990 Amer-

Even those who wonder if America, consumed at an an-fear that if they do not act uai rate of 3 pounds (1.4 aggressively, they may face ilograms) per person. liability lawsuits and accusations of discrimination attack at the schoolhouse against children disabled by a peanut allergy.
The campaign to ban peanut

butter is happening in scattered the list of substances — like places where an assertive parent or two - supported by the Food Allergy Network, an advocacy group — has raised the alarm in schools, contending ing of lethal allergies, by the that peannt allergies are a disability that schools must accommodate under the disabilities law.

The Centers for Disease Control report only 88 deaths among all Americans from allergies to food, including peaare underreported, and that 0.5 selves balancing the rare risk percent to 1 percent of all



Students in the lunchroom at Trevor Day School, a private school in New York where peanut butter was banned last year for the lower grades, examining the day's menu choices on a sandwich bar.

Americans suffer from peanut allergy can cause itching, been slow to become an issue the Americans with Disabil-allergies. The network esti-mates that every year 125 coughing, vomiting and schools, the city's private man nor the Food Allergy Netmates that every year 125 people die from food allergies,

the majority from peanuts.
While network officials say they are not forcing schools to take any particular action, the schools say that anything less than a total ban seems inadequate to satisfy the critics. In its milder form, a peanut

diarrhea, doctors say. The New York City public school system, America's

largest with more than a million children, has remained immune to the peanut phenomenon — largely because no one has complained. But while peanut butter has

schools have fallen in line like so many dominoes. Mark Brossman, a lawyer But a recent directive by the U.S. Department . of

who represents many New York City private schools, said schools are concerned that peanut allergies might qualify as a disability that must be accommodated under

cision may set a precedent for schools, advocates say. Beyond bans, schools are wrestling with questions like whether to provide individualized supplies — say, blocks and sets of wooden rods for solving math problems — to children with severe peanut

work knew of any litigation on

peanut allergy that has result-

Transportation construed

peanut allergies as a disability

and ordered airlines to set up

peanut-free zones. That de-

ed in a court decision.

contaminated by the peanutsmeared hands of classmates. Concerned that a child who has just eaten peanut butter might hold hands with an allergic child, schools now encourage children to become

allergies so they will not be

compulsive hand-washers. Compared with other causes of death or illness, The damage from peanut allergies is tiny. In 1995, according to the Centers for Disease Control, 2,880 children died in car accidents and 2,944 in other accidents. Some 200,000 children were hospitalized with asthma-related illnesses, according to the Department of Health and Human Services

### POLITICAL NOTES

### Minimum-Wage Raise Dies

WASHINGTON - Senate Republicans have killed any chance of increasing the minimum wage this year, voting down a bill they said would hurt small businesses because it would extract too much too soon after the wage increase of 1996.

They also said that Senator Edward Kennedy, Democrat of Massachusetts, the measure's sponsor, was using the vote as a political trap to force them on the record against a wage increase in an election year. Mr. Kennedy ceded the point. "It is a defining issue," he said after the vote. "It ought to be an election issue."

The bill would have raised the minimum wage by 50 cents in January and another 50 cents the following year, taking it to \$6.15 an hour from \$5.15 over two years. Republicans expect any fallout from this vote to be blunted in the next couple of weeks by their passage of a

### 22.5 Million See Clinton Tape

WASHINGTON — About 22.5 million people watched the videotape of President Bill Clinton's Aug. 17 grand jury testimony when it was broadcast Monday on the three major broadcast networks and three all-news

cable networks, according to Nielsen Media Research.
Nielsen estimated that for the hours from 9 A.M., when most networks began their coverage, to 2 P.M., when the broadcasters returned to normal soap operas, the sum of the average household rating for all six networks was 18.8, which translates into 18.6 million homes.

Excluding the cable networks, the daytime television average last season was an 11.3 rating (about 11.1 million homes) for the hours from 11 A.M. to 4 P.M. CBS had an average rating for those hours of 5.2, while NBC averaged a 4.5 rating and ABC a 3.3 rating. Each rating point represents 994,000 homes. (NYT)

### Quote/Unquote

Alan Simpson, the retired Republican senator from Wyoming, on Mr. Clinton's videotape performance: "That's his life. His life is bounding from precipice to precipice like a huge mountain goat, bridging crevasse after crevasse and people shooting at him with high-powered rifles and the other side crambling as he lands just like in rifles and the other side crumbling as he lands, just like in the movies. What's interesting to me is did anybody believe that this man would testify for four hours and not do well, when it was his decision to do it?'

### Away From Politics

• The FBI's crime lab in Washington, criticized recently for shoddy work, gained accreditation by the American Society of Crime Laboratory Directors. It means the lab meets the requirements for procedures and accuracy for a variety of crime-related tests.

• Fewer Americans are dying each year from heart disease, but the number of people suffering first heart attacks has held steady or even increased since 1987 because treatment is outstripping prevention. A study found deaths fell 28 percent among men and 31 percent among women from 1987 to 1994.

## **AMERICAN**

### **TOPICS**

### Conservationists Boil Over Soup

The shark has never had a large circle of friends, but the killing of thousands of blue sharks in the Pacific for their fins has angered conservationists, who see it as a waste at best and an unnecessary slaughter at worst.

In Hawaii, shark fins worth \$30 million are sold each year.

Fishermen, who generally catch the creatures while after tuna or swordfish, sell the fins at dockside to men offering cash. Shipped to Asia, for use in the ancient delicacy of shark-fin soup, a pound of dried fin brings up to \$250.

With little market for shark meat, skin or cartilage, fishermen often just cut off the fins, then throw the shark overboard, sometimes still alive.

Shark finning is banned off the U.S. Atlantic

dustry and assess shark populations. It also is seeking new markets for shark products, The Associated Press reports.

But in the face of the huge Asian market, it will not be easy to curb the sales for soup. From 1991 to 1996, the price of fins doubled, and the shark catch reported at Hawaiian docks jumped 22-fold.

### **Short Takes**

A federal judge in Seattle has cleared the way for an Indian tribe to resume whaling off the coast of Washington state.

The Makah tribe plans to begin its first hunt Oct. 1, during the fall migration of gray whales from Alaska to Southern California. The tribe is allowed five whales a year.

Animal rights groups, coastal tour-boat op-erators, kayakers and a U.S. congressman, Rep-resentative Jack Metcalf, Republican of Washington, had challenged the plan in court.

The number of caesarean births performed by several hospitals in the Boston area has been Coast, where sharks have been overfished, but it is still legal in the Pacific. The National Marine

Significantly lowered, using a simple approach:
When a worman arrives in labor, they send her

Fisheries Service is working to quantify the in- | back home to wait -- unless contractions are strong and the womb is opening:

Hospitals and obstetricians had recognized that the rates of caesarean deliveries had soared in the United States, from 5 percent in the 1970s to 25 percent in the 1990s. Part of that reflected a trend to overhospitalization, The Boston Globe reports.

Researchers found that when a woman arrived in early labor, there was a tendency to "do some-— often meaning a caesarean. But by sending home women who are in the early stages, the Massachusetts hospitals have lowered their caesarean rate from 26 percent to 20 percent, with no decline in healthy deliveries.

This will not leave anyone feeling sorry for Bill Gates, the world's richest man, but it turns out that as a share of the U.S. economy, his \$62 billion fortune, based on Microsoft, pales next to the historic wealth of John D. Rockefeller, Andrew Carnegie, Cornelius Vanderbilt and John Jacob Astor. American Heritage magazine reports that, adjusting for the growth of the U.S. economy, Mr. Rockefeller's wealth would be worth \$190 billion today.

Brian Knowlton

Landes Ing

BMW drivers are also fond of stars - four stars, the top rating for the BMW 5 Series in the Euro NCAP Safety Test for Passenger Protection.\*



By James Bennet New York Times Service

president of South Africa and among the planet's Bill Clinton the kind of emotional endorsement Africa,' that he has trouble getting these days from members of his own party.

At a White House reception Tuesday, Mr. Mandela said that the domestic debates of the United States were not his business but that his personal code did not allow him to desert a friend. He said South Africa, Africa and the entire world

supported Mr. Clinton.
We do wish to say that President Clinton is a friend of South Africa and Africa," he said, and, I believe, the friend of the great mass of black people, and the minorities and the disabled

"He said, 'Mandela, I want you to support WASHINGTON — Nelson Mandela, the President Clinton," Mr. Mandela said. "He esident of South Africa and among the planet's was not speaking for himself, and he said so. He foremost moral authorities, has given President said, 'I am speaking for the continent of

Mandela's remarks, and appeared at one point to wipe away a tear.

Mr. Mandela was repeatedly interrupted with applause from an audience of black religious leaders, presidents of historically black colleges and members of the Congressional Black Caucus. Black Americans have been among the president's most loyal supporters since he acknowledged an inappropriate relationship with

Monica Lewinsky.

By the time Mr. Mandela again said he would not "interfere in the domestic affairs of this Saying that "we are thinking of you in this country," his audience was langhing, convinced difficult and discouraging time in your life," Mr. Mandela de-Mandela recalled receiving a telephone call two

States is completely isolated on this question."

But Mr. Mandela seemed to entertain the possibility that Mr. Clinton's presidency might not survive this scandal. "If our expectations, if our Mr. Clinton, clearly moved, smiled during Mr. foodest prayers and dreams, are not realized," he said, "then we should all bear in mind that the reatest glory of living lies not in never falling

but in rising every time you fall."
In introducing Mr. Mandela, Mr. Clinton thanked him "for being the person we'd all like to be - on our best day.

■ Mandela Honored by Congress

images of George Washington and Abraham Lincoln, Mr. Mandela on Wednesday received the Congressional Gold Medal, the first African to be awarded the United States' highest honor, The Associated Press reported.

Mr. Clinton followed a long lineup of law-

General Assembly. "If you judge from the reaction" of the delegates, he said, "the United follow Mr. Mandela's example of humility, sacrifice and kindness in the face of enmity.

"No medal, no award, no fortune, nothing we could give him could possibly compare to the gifts he has given to us and to the world," Mr. Clinton said before presenting the medal.

### ■ International Appeal for Clinton

A group of international entertainers and intellectuals on Wednesday backed Mr. Clinton, saying the "extreme right" was using the Lewinsky scandal to undermine his social programs, Renters reported from Paris.

The democratically elected president of a Surrounded by the Capitol Rotunda's towering free nation has been subjected for eight months to inovisitorial harassment by a fanatical prosecutor with unlimited power," the 67 signatories said in a statement published by the daily Le Monde.

The campaigners included the Nobel Peace Prize winners Desmond Tutn and Jose Ramos Horta, a Nobel literature winner, Gabriel Garcia Committee, Jack Lang.

days ago from Frederick Chiluba, the president of received on Monday from the United Nations makers, including Representative Newt Gingrich, Marquez, and a Nobel physics laureate, Pierre-

"Kenneth Start's arbitrary and unfair procedures must not have the upper hand," they said, referring to the special prosecutor. "Victory in America over this prosecutor will be victory for those across the world who support the principles of freedom." They said added that Mr. Starr was breaking the "sacred right" to privacy.

"The judicial show orchestrated by Prosecutor Starr is only a cover," the statement said. "His real fight is political. Backed by the extreme right, he is seeking to undermine President Clinton's ideas of freedom and his social and liberal program.'

Signatories included the film stars Anthony Hopkins, Gerard Depardieu, Vannessa Redgrave, Emma Thompson, and Jeanne Moreau; the writers William Styron, Guenter Grass, and Carlos Fuentes; the singer Peter Gabriel, the violinist Yehudi Menuhin and the chairman of the French National Assembly's Foreign Affairs

# Tripp, the Invisible Woman, Emerges

Unlike Starr Report, New Documents Detail Betrayal of Lewinsky

By John Mintz and Roberto Suro Washington Post Service

WASHINGTON - In the voluminous report that the independent counsel, Kenneth Starr, submitted to Congress, one person seemed conspicuously absent: Linda Tripp, whose account of Monica Lewinsky's affair with President Bill Clinton prompted the inves-

tigation in the first place.
But with the release of 3,183 pages of additional documents this week, new details have emerged about Ms. Tripp and how she betrayed her friend and acted as a provocateur intent on ensnaring the president at key moments in the unfolding drama.

It was Ms. Tripp, according to Ms. Lewinsky's grand jury testimony that was made public Monday, who urged her not to clean the semen-stained blue dress that proved she had a sexual encounter with Mr. Clinton.

And it was Ms. Tripp, according to the documents, who urged Ms. Lewinsky not to sign an affidavit denying she had an affair with Mr. Clinton until the president's friends assisted her in landing a job — advice that would have set a trap for Mr. Clinton had Ms. Lewinsky followed it.

There are a number of reasons why Ms. Tripp, once Mr. Starr's key witness, has been so eclipsed in his investigation. For one, when Ms. Lewinsky started cooperating with Mr. Starr forting her, one saying: "Right now in July, Ms. Tripp's testimony about you feel a lot of bate for Linda Tripp, what Ms. Lewinsky had told her was but you need to move on and leave her

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altered or made any copies of the dozens of tapes she turned over to Mr. Starr. The Office of the Independent Coun-

sel said in papers made public Monday that "if Ms. Tripp duplicated any tapes herself or knew of their duplication, then she has lied under oath before the grand jury and in a deposition. The OIC continues to investigate this matter. ... For the seven tapes which contain audible conversations and which exhibit signs of duplication, the Office of the Independent Counsel cannot exclude the possibility of tampering at this time."
Ms. Tripp's spokesmen have refused

all public comment about her role in taping Ms. Lewinsky because of an ongoing investigation by a Maryland prosecutor; taping people without their consent is illegal under state law.

Ms. Tripp has made no public appearances since July, when after completing her grand jury testimony she proclaimed from the courthouse that she was "an average American" being

about who she thinks is the cause of her troubles. At the end of one of her grand jury appearances last month, according to testimony made public this week, Ms. Lewinsky was asked whether she had anything to add, and she said tearfully: "I'm really sorry for everything that's happened. And I hate Linda Tripp."

The grand jurors then began comwhere she is because whatever goes But an added factor was Mr. Starr's around comes around." A second

Starr's investigators that she had not repeatedly voiced suspicions that she was responsible for feeding information about Ms. Lewinsky to the lawyers for Paula Jones in her sexual harassment suit against the president.

Explaining his surprise when the Jones lawyers began questioning about Ms. Lewinsky in his deposition Jan. 17, Mr. Clinton said, "These people had access to a lot of information from somewhere, and I presume it came from Linda Tripp."

The new information in the Starr

documents only reinforces Ms. Tripp's reputation in some quarters as the villain in the Clinton scandal.

The new documents also shed new light on Ms. Tripp's role in launching Mr. Starr's investigation of Mr. Clinton's relationship with Ms. Lewinsky. According to Mr. Starr's report to Congress, Ms. Tripp in her initial dis-cussions with his office early in January said that Vernon Jordan Jr., a close friend of Mr. Clinton's, was helping Ms. Lewinsky find a job at the same "vilified for taking the path of truth." time that he was advising her on how to But Ms. Lewinsky left no doubt handle a subpoena in the Jones lawtime that he was advising her on how to

> Mr. Starr said in his report that he "recognized parallels" between Mr. Jordan's relationship with Ms. Lewinsky and allegations, already under investigation by Mr. Starr, that Mr. Jordan had provided economic help for Webster Hubbell, a key figure in the Whitewater real estate investigation, to ensure his silence.

According to Ms. Lewinsky's testimony, she took the initiative with Mr. Clinton last October to ask the president to secure Mr. Jordan's help for her in own suspicion that Ms. Tripp lied about grand juror added, speaking of Ms. getting a new job once it became clear to her handling of the audiotapes she made of her conversations with Ms. Lew-to give an account for what she did." insky. The independent counsel is investigating whether Ms. Tripp was telling the truth when she told Mr.

Mr. Clinton, too, has seemed fixated on Ms. Lewinsky said that the idea of involving Mr. Jordan telling the truth when she told Mr.

During his grand jury testimony, he may have begun with Ms. Tripp.



Linda Tripp, who taped Monica Lewinsky and triggered the investigation.

### ASIA/PACIFIC

# **Prime Ministers** Of Pakistan and **India Meet on Nuclear Arms**

Compiled by One Staff From Despatche UNITED NATIONS, New York - The prime ministers of India and Pakistan met Wednesday amid hints that they might take a first step to rein in a nuclear arms race in South Asia by agreeing in principle to sign the

nuclear test ban treaty.

Atal Behari Vajpayee of India and Nawaz
Sharif of Pakistan shook hands cordially before beginning luncheon talks at a New York hotel. Officials said the meeting would focus on restraining nuclear competition between the two arch-rivals, who stirred world alarm with tit-for-tat atomic tests in May, and reviving peace talks on Kashmir.

Mr. Vajpayee said on his plane that India had already accepted central aspects of the Comprehensive Test Ban Treaty by declaring its intention not to conduct any more nuclear explosions "but there are questions which are

Mr. Sharif, who was to address the UN General Assembly later Wednesday, told President Bill Clinton on Monday that Pakistan had no objection in principle to signing the treaty but wanted the United States to waive economic sanctions first.

Western diplomats said there were cautious hopes that the two states, which want to escape U.S. trade and credit restrictions, would declare their willingness to sign the treaty.

Mr. Vajpayee also said on his flight that India and Pakistan had agreed on modalities for resuming their stalled dialogue and would instruct officials to open talks on all issues, including peace, security and the disputed territory of Kashmir.

India and Pakistan have fought three wars 
two over the disputed state of Kashmir in the 51 years since the independent states were carved out of the British empire.

They continue to exchange angry words, and occasionally heavy fire, over Kashmir. Mr. Vajpayee and Mr. Sharif met for the first time following the nuclear tests during a regional summit meeting. Those talks ended with India and Pakistan each accusing the other of intransigence, and their armies un-leashed the heaviest firing across Kashmir in

Mr. Clinton is to decide shortly whether to scrap his plan for stops in India and Pakistan this fall during an Asia trip. (Reuters, AP)

### BRIEFLY

### China and Taiwan Move to Resume Talks

BEIJING — Negotiators from China and Taiwan met Wednesday and outlined plans to resume high-level talks after three years of rhetoric and threats.

The talks are scheduled to begin in mid-October, and will be hosted in Shanghai by Wang Daohan, a top adviser to President Jiang Zemin.

The delegation from Taiwan will be led by Koo Chen-fix, chairman of the

Taiwan Straits Exchange Foundation.

Taiwan wants to talk about economic and other issues. China wants to discuss issues linked to unification.

### Hong Kong Pollution Hits Record Levels

HONG KONG — Hong Kong air pol-lution hit record levels this week and remained high Wednesday, prompting warnings and calls for urgent measures. As a heavy haze obscured the harbor views, the government's Roadside Air Pollution Index on Tuesday hit 167 in

Causeway Bay, a district with heavy traffic and tall buildings. That was the highest since the index, which measures roadside air quality, was introduced June 15.

### Seoul Acts to Punish 10,000 for Corruption

SEOUL - More than 10,000 civil servants, including two assistant cabinet ministers, have been dismissed or reprimanded in an anti-corruption campaign, the government said Wednesday. At the order of President Kim Dae

Jung, the agency charged with govern-ment management said it had been conducting a secret probe of ministries and state-funded organizations since July.

About 500 officials were fired for taking bribes, the agency said, including two

senior officials indicted on bribery The remainder of the civil servants and officials were subjected to cuts in salary and other forms of disciplinary actions,

deputy cabinet ministers and 13 other

### STARR: Low Point in Lewinsky Case: Jan. 16 Interrogation Continued from Page 1

Ms. Lewinsky testified last month that after saying she would not talk without a lawyer, Mr. Starr's aides warned that she could face 27 years in prison on charges of perjury, obstruction of justice and witness tam-

pering in the Paula Jones case. She also testified that they told her she would lose her chance for an immunity deal on those potential charges if she called her lawyer, that they threatened to prosecute her

mother, that they even discouraged her from calling her mother.

"You're 24, you're smart, you're old enough," said a deputy to Mr. Starr, Jackie Bennett Jr., according to Mr. Jewinsky's grand into the start of the said of the start of the said o Ms. Lewinsky's grand jury testi-mony. "You don't need to call your

Mr. Starr has denied that Ms. Lewinsky was mistreated, and some legal experts say his underlings' efforts to dissuade her from calling her attor-

ney were perfectly legitimate.

Months later, when her later attomey went to court to try to enforce what he said was a subsequent deal with Mr. Starr — and buttressed his case with allegations prosecutors had mistreated her in that first meeting -

a federal judge rejected the com-But even though no court has ruled the prosecutors' tactics legally un-sound — and Ms. Lewinsky is now cooperating with the Starr investi-

gation — she was clearly traumat-ized by her grueling confrontation in Room 1012 of the hotel. When one of the grand jurors asked her about the Jan. 16 en-

counter, she would not discuss it until Mr. Emmick left the room. Even Mr. Starr's records make the Ritz-Cariton, informing Ms. Lewinsky that she was the subject of

a criminal investigation, then advising her that "the offer to discuss her legal stams was not being offered to her attorney, but to Lewinsky

But some experts said that Mr. Starr was well within his rights to impose whatever conditions he wanted on the discussions, as long as Ms. Lewinsky was free to go and free

They said there may be a right to counsel, but not to an immunity

"It's utterly outrageous," said Neal Sonnett, a Miami defense lawyer who once ran the criminal division of the U.S. attorney's office in South Florida. "You can't take a

young woman who is obviously new attorney, William Ginsburg.
frightened to death and discourage She ate dinner with Mr. Emmick her from seeking counsel. There's no question about it: This was prosecutorial misconduct."

It was fair play, countered others. "She was a grownin, and she wasn't in custody. That's the way the game is played," said Akhil Amar, a Yale Law School professor of constitutional law and criminal procedure. "I'm sure criminal defense at-tomeys don't like it, but the fact is, prosecutors want to get at the truth, so they try to discourage witnesses from calling their lawyers."

During her testimony on Aug. 20,

Ms. Lewinsky told the grand jury that the first thing she told the FBI agents was that she would not talk without an attorney. She said she only agreed to go with them because they told her "that was fine, but I should know I won't be given as much information and won't be able to help myself as much with my attorney there."

She also testified that she had been told not to call Mr. Carter because he might tip off his friend Vernon Jordan Jr. about the still-secret investigation, and that someone told her Mr. Carter would not be able to help much anyway because he was

not a criminal attorney. She said Mr. Starr's aides did give her a number for another attorney to call, but she refused because she did she wanted to talk to a lawyer. not trust them. Still, Ms. Lewinsky admitted in her testimony that she had been repeatedly told she was under no obligation to stay with Mr. his investigation. Starr's deputies on Jan. 16. They did read Ms. Lewinsky her

rights. At one point, they let her leave came up, Mr. Emmick seemed to try the room alone to make a phone call. to change the subject. But the jury She eventually did call her mother, would have none of it. "We really Washington, and she did talk to a said.

and an FBI agent in the mall. She went to the bathroom at Macy's. She withdrew money from an automatic-

At 12:30 A.M., according to Mr. Starr's log, she thanked the agents and prosecutors "for being so kind and considerate." It was six months before she agreed to cooperate with Mr. Starr's office.

Several legal analysts said the Supreme Court has given prosecutors a lot of leeway in questioning witnesses who are not in custody. They can set traps, warn about the consequences, even lie.

with prosecutors and FBI agents, and ing in 3 to 2 against the president, but thought she would be arrested if she today it's 3 or 4 to 1 in favor."

logical custody" and that they had an . ethical obligation to back off when The real impact of the meeting at

the Ritz-Cariton could be political, shaping perceptions of Mr. Starr and It seemed to annoy the jurors.

The first time the subject of Jan. 16

### **CLINTON:** Gingrich Won't Deal

Continued from Page 1

The alternative, he said, was many months of hearings that would leave the United States distracted at a dangerous time. "We are not in a world today where we can sit here as a country in suspended animation for 8, 9 and 10 months," he said.

Democrats have appeared reinvigorated since the four-hour videotape of Mr. Clinton's testimony was broadcast Monday. Polls indicate that approval of Mr. Clinton's job performance jumped from 60 percent to 66 percent.

But if Democrats felt emboldened to step up attacks on the Republican leadership, Mr. Gingrich said he had no plans to aker the "orderly" march of the House Judiciary Committee toward reviewing the evidence against Mr. Clinton and deciding whether to recommend

Asked by a reporter whether such a prolonged process would indicate Congress's contempt for the will of the peopleas expressed by the polls, Mr. Gingrich replied, "I think people would be frankly horrified if the Congress was simply a polling institution that enacted a grotesque version of justice based on

the latest poll or the latest talk show." Similarly, on Tuesday, Representa-tive Henry Hyde of Illinois, chairman of the Judiciary Committee, said it was "very premature" to talk about negotiating an agreement with the White

But Mr. McCurry said the White House understood that it was Mr. Gingrich, a possible Republican presidential candidate in 2000, who was calling the shots in the Judiciary Committee.

Another Democrat who has fostered the idea of a negotiated solution to the crisis, Senator John Kerry of Massachusetts, said Wednesday that the speed at which Republicans conclude the matter would be "a test of their good faith."

Mr. Kerry had called Sunday for Mr.

Clinton to go before the Judiciary Committee and explain himself as part of an agreement to drop any plan for impeachment hearings.

He said Wednesday that there was no

reason the matter could not be brought quickly to a close. "This is a simple case," he said on CNN. "Everyone"

knows what happened."

To the Republican insistence that the

investigation of charges against Mr. Clinton has only begun, Mr. Kerry said that if Republicans "want a stipulation from the White House of a whole set of facts, I believe they could get that." The broadcast Monday of Mr. Clinton's taped grand jury testimony in the

case appeared to have given Democrats some relief from the unrelenting bad

news since the Starr report was released. House Democrats, particularly in traditionally Democratic areas, said they were observing a dramatic shift in opinion in Mr. Clinton's favor. "It's as if the boil was lanced, and the fever has broken,' But in her grand jury testimony, Representative Edward Markey, a Mas-Ms. Lewinsky claimed that she felt sachusetts Democrat, told The Washing Representative Edward Markey, a Masthreatened in the hotel room crowded ton Post. "Last week the calls were com-

The Judiciary Committee is to meet Thursday to consider the release of an additional 16 boxes of evidence from Kenneth Starr, the independent counsel. Bickering over release of documents, and the received over release of documents,

will charge me now."

At 2:50 P.M., she suggested taking a taxi to her attorney's office. The responses were not recorded.

Some commentators are suggesting that the prosecutors may have taken Ms. Lewinsky into "psychological custody" and that they had an integrated the prosecutors of the prosecut

nia Republican. The next release should, however, include the grand jury depositions of important figures, including some presidential aides and Betty Currie, Mr. Clinton's secretary. It should also include taped conversations between Ms. Lewinsky and Linda Tripp, the one-time friend whet

turned the tapes over to prosecutors.

Mr. Gephardt said Democrats were concerned that Mr. Starr had not released some exculpatory material to Congress clear that his aides played hardball at Marcia Lewis, who took a train to want to know about that day," a juror and demanded that he do so. He did not elaborate as to what that might be.

# Carter and Bush Speak Out on the White House Scandal

in grand jury testimony and expects the House to vote to impeach him. But in his annual question-andanswer session with Emory Univer-

did not expect the Senate to remove Mr. Clinton from office. Mr. Carter said he did not believe Mr. Clinton told the truth either in his said Tuesday. deposition for the Paula Jones sexual

The Associated Press

harassment lawsuit or during his testimony for the grand jury led by the barrassing circumstance" even if "a Jimmy Carter says he does not think special prosecutor, Kenneth Starr.

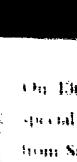
President Bill Clinton told the truth He said he has "deplored ar He said he has "deplored and been deeply embarrassed about" Mr. Clinton's relationship with

Monica Lewinsky. "And I have also deplored and now." Mr. Bush said sity students, Mr. Carter also said he been embarrassed by the reaction to it. the overemphasis of it, the matter

lot of damage has been done."

Former President George Bush, in a relevision interview, was reluctant to criticize Mr. Clinton. "He's got enough critics out there

Asked if the presidency has been ti, the overemphasis of it, the matter in which a very serious political and legal issue has been addressed," he said Treeday strong, bigger than any one person. But I'm afraid. I'm afraid for now it Mr. Carter said the presidency and has been diminished."



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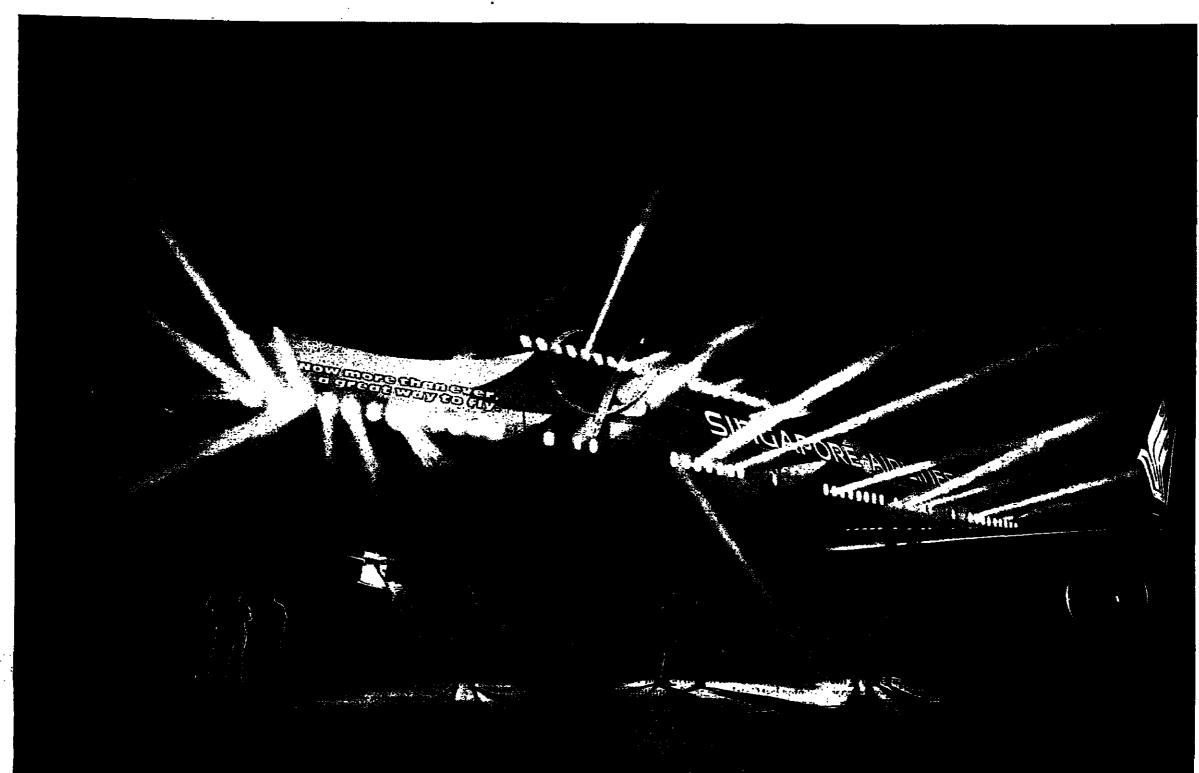
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A Month Application of the different

# From Africa

# THIS MONTH A NEW AIR TRAVEL EXPERIENCE TAKES WING.



One of two MEGATOP 747s with the special livery designed to celebrate our service transformation.



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with the second

On 13th September, 1998, a very special MEGATOP 747 took off from Singapore Changi Airport on our first round-the-world flight that

began a new chapter in air travel.

First, Raffles and Economy Class customers can now enjoy new levels of comfort, cuisine and entertainment with the transformation of our inflight and ground service.

### SPLENDOUR

First Class customers can experience our new

personalised ground service as soon as they alight from their cars at Singapore Changi Airport. They are now greeted and escorted into our new First Class Reception, an elegant lounge where their check-in

is taken care of by our Premium Service staff.

On board, Singapore Airlines has created the world's most exclusive First Class cabin, hosting no more than 12 customers in our unique and luxurious seats,\* crafted to meet the highest standards of comfort, spaciousness and privacy.

Upholstered in soft Connolly leather and trimmed with burr wood, the seats feature the world's largest 14-inch personal video screens. And for a

great night's sleep, built-in air mattresses inflate as the seats transform into flat beds, laid out with fresh linen and soft, down-filled duvets.

Dining in First Class is now an even more refined experience, with a restaurant style of service that lets customers eat as and when they please, on elegant serviceware by French design house, Givenchy.

### ELEGANCE

Raffles Class customers will be delighted by the sophisticated new cabin which exudes an ambience of contemporary elegance, specially created by Givenchy.

> The generous seat pitch and recline on the plush new Italian-

designed seats\* give a first class feeling of unparalleled comfort. The seats also feature the world's

first adjustable privacy screens and, as in our First Class, lap-top power supply.

Economy Class customers will also enjoy a refreshing new environment and an increased level of personal comfort in seats that offer added support, with footrests and adjustable The 14 KrisWorld screen winged headrests.



is simply the biggest in the sky.

### DINING AND ENTERTAINMENT

All customers in all classes are served our exclusive new World Gourmet Cuisine, created for Singapore Airlines by a panel of internationally celebrated chefs.



The superb dishes are accompanied by fine wines selected by our panel of Masters of Wine. For the first time, Economy Class customers will enjoy a free flow of champagne.

In First Class, there is a choice of Dom Pérignon or

And KrisWorld, the Krug Champagne. world's most advanced

personal inflight entertainment system, offers more than 60 entertainment options. Enjoy the biggest show in the sky, in every seat, in every class.

These outstanding enhancements can now be enjoyed aboard all our MEGATOP 747 flights.\*\*

For more than a quarter of a century, Singapore Airlines has provided a standard of inflight service even other airlines talk about. They'll now have even more to talk about.

Singapore Airlines. Now more than ever, a great way to fly. SINGAPORE AIRLINES

\*Available on MEGATOP 747 aircraft only and being fitted progressively.\*\* Many of the service enhancements are also available on our JUBILEE 777 and CELESTAR A340 flights.

Singapore Airlines has created the world's most

exclusive First Class cabin.

### **EUROPE**

# **Dublin and Belfast Discuss IRA Disarmament**

By James F. Clarity New York Times Service

DUBLIN - Prime Minister Bertie Ahern of Ireland and Mo Mowlam, the highest British official in Northern Ireland, sought Wednesday to devise a compromise in the growing dispute over disarmament of the Irish Republican

Army.

After an 80-minute meeting, Mr. Ahern, and Ms. Mowlam, the Northern Ireland secretary, said they were making progress on a number of issues in-

volving the peace agreement But, significantly, they did not say progress had been made on the problem

of disarmament of the IRA arsenal. The difficulties," Mr. Ahem said. Ms. The has observed a crass-fire for 14 Mowlam said she was sure that even-IRA has observed a cease-fire for 14 months, but has repeatedly said it will not disama.

This has led to problems for its political wing, Sinn Fein, whose members are seeking important posts in the new Northern Ireland Assembly.

In recent days, the dispute has accelerated, creating a sense of growing crisis in the enactment of the Northern Ireland peace agreement reached in the spring and aimed at ending permanently the sectarian violence between Roman Catholics and Protestants in the British

"In some of these issues there are

tually the IRA would disarm, but officials pointed out that she declined to address the key point of the dispute: exactly when the disarmament might

begin.
Mr. Ahem told Ms. Mowlam that the announcement on Tuesday that Britain was withdrawing about 500 of the 17,500 troops it has in the North was helpful. Officials and experts said the prime minister meant the withdrawal would be seen as a concession to the IRA and its, political wing, Sinn Fein. On Tuesday night, Mr. Ahern and David Trimble, the first minister of the

Assembly, called on the IRA to disclose when it might begin to disarm, and asked Sinn Fein to try to find out. Sinn Fein has not replied.

Also on Tuesday, Mr. Trimble met with Gerry Adams, the Sinn Fein president; whose position has been that disarmament would only come as part of an overall enactment of the political provisions of the new-peace agreement that is to give Catholics more power in the province. The agreement is to be en-acted by May 2000, and Sinn Fein has indicated there will be no disarmament before then.

The disarmament dispute, which has repeatedly impeded the peace effort for four years, is between officials of the province's Protestant majority and its Catholic minority, now facing each oth-

er in the new Assembly.

The Assembly, which is to gain from Britain more autonomy in provincial affairs, is scheduled to set up a provisional cabinet, which will then participate in a new cross-border body, the North-South Ministerial Council, comprising Northern Ireland Catholics and Protestants and members from the overwhelmingly Catholic Irish Republic. But the process has been stalled over

Sinn Fein insists that it must now be given two ministerial posts in the cabinet, according to the rules of the peace agreement. But Protestant Unionists, led by Mr. Trimble, insist that the IRA must begin some form of disarmament before Sinn Fein gets ministers.

Sinn Fein accuses Mr. Trimble of misinterpreting the agreement and set-ting a condition membership in the cab-

The agreement only requires all parties to work toward disammament during the accord's two-year period. Mr. Trimble says that it is implicit in

the agreement that some disarmament must start soon, before the cabinet is filled. Mr. Adams says this is a condition not included in the peace agree-The issue threatens to create the first

ment was reached by Protestant and Catholic leaders in April, and approved in referendums in May in the North and in the Irish Republic. The North-South Council, giving the Irish Republic more influence in North-

em Ireland affairs, is to meet next Irish officials feel that without Sina Fein present to represent the IRA, the body would be ineffectual IRA policy

still calls for the end of British sovereignty in the province.
The North-South Council was a comSiemens Plans Fund For Slave Laborers BERLIN — Following Volks-wagen's lead, Siemens announced

BRIEFLY

BLOOD SPILLED - Firemen cleaning up tons of animal blood,

plans Wednesday for a fund of 20 million Deutsche marks to compensate former slave laborers who were forced to work for the company during World War II. The electronics giant, along with

VW, is one of several German businesses under pressure from lawsuits in the United States and threats of more at home from Nazi-era vic-Last week, Volkswagen became

the first of these firms to agree to payments when it announced its own fund of 20 million Deutsche marks (\$12 million) after arguing for years that it had no legal duty to pay back wages for labor that it said was forced on it by the Nazi war machine. Siemens had a similar change of

heart. Almost a year ago, at its 150th anniversary celebrations, the company insisted that it could do no more for its former slave laborers than express "deepest regrets." Krupp, Daimler-Benz, Audi and

BMW are also named in a New York suit seeking restitution for thousands of former slave laborers. (AP)

### Serb Results Slowed

SARAJEVO, Bosnia-Herzegovina - The international body that or-

possibly from "mad cows," that leaked from a tanker Wednesday near Birmingham, England. Eight people were checked for contamination. ganized Bosnia's general election on Sept. 12 and 13 said Wednesday that it would not be able to announce the results until Friday at the earliest because of technical problems.

The Organization for Security and Cooperation in Europe first said it planned to make the results known

A Serbian ultranationalist, Nikola Poplasen, is widely believed to have defeated the Western-backed incumbent, Biljana Plavsic, in the contest for the presidency of Bosnia's Ser-

## Spying Laid to Finn

HELSINKI - A Finnish Foreign Ministry official is suspected of providing Russia with confidential information about the European Union and has been questioned, the ministry said Wednesday.

Two employees at the Russian Embassy in Helsinki who are believed to be the recipients of the unspecified documents left Finland at the end of the summer. One left voluntarily and the other was encouraged to do so, a Foreign Ministry undersecretary, Jukka Valtasaari, said on Finnish public television.

He said he did not expect the incident to lead to any diplomatic repercussions.

In Moscow, the Russian Foreign Ministry expressed "bewilderment and regret" and said it would formulate a more concrete response in a few days.

# EU Orders New Exams After Cheating Furor

BRUSSELS — Tens of thousands of candidates seeking jobs at the Euro-pean Commission will have to repeat exams after the European Union annulled the tests Wednesday because of cheating allegations.

"There are sufficient suspicions of leaks in at least one of the preselection tests," said Erkki Liikanen, the official in charge of personnel at the European Commission, the EU's executive branch.

Competition is intense for jobs at the EU institutions. On Sept. 14, there were 31,000 people who took the exam for administrative posts at the commission in 38 centers across the 15nation EU.

Only 475 people were to have been selected for a short list to fill posts in the European bureaucracy, and they were to undergo further testing.

Candidates taking the exams in Rome and Brussels complained of

cheating, including reports that ques-

five years. EU officials said the exam had cost 1.2 million European currency units (\$1.4 million). Mr. Liikanen said an investigation had been launched to find out who was

tions had been leaked in advance and

that some candidates had been able to

make mobile phone calls from toilets

The exams for the commission's

level-A jobs, which require a univer-

sity degree, were the first to be held in

responsible for the leaks.

**Turkish Court Upholds Jail Ruling for Mayor** 

ANKARA — A court upheld a 10-month jail sentence Wednesday against the popular mayor of Turkey's biggest city on public order charges in a fresh legal blow to the large islamist opposition.

The Appeals Court in Ankara said in a statement that the ruling against Istanbul's mayor, Recep Tayyip Erdogan, was approved by a vote of 4 to 1.

The verdict means that Mr. Erdogan, often tipped as a future national leader of the Islamist movement, looks set to lose his status as mayor and faces a lifetime ban from public office.

Legal sources said the mayor was likely to be jailed in the coming weeks unless his lawyers could lodge a further last-

in the exam centers.

Mr. Erdogan, 44, was sentenced by a lesser court in April for "provoking hatred" by reciting a poem deemed as encouraging Islamist extremism in a speech to supporters. "The mosques are our barracks, the domes our helmets, the minarets our bayonets and the faithful our soldiers," he told a

rally in the southeastern town of Siirt in December. crisis in the peace effort since the agree-The mayor, who has run Istanbul since 1994, said his speech was a call for an end to the Kurdish rebel conflict in the area.

# Diana's Bodyguard Sues Ritz and Car Supplier

PARIS - Trevor Rees-Jones, the bodyguard and sole survivor of the car crash that killed Diana, Princess of Wales, filed suit Wednesday against the Ritz Hotel and the Etoile-Limousine car service for "endangering the lives of

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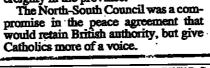
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1997 in Paris, Mr. Rees-Jones was an employee of the Ritz's owner, Mohamed al Payed. He is the father of Dodi al Fayed, Diana's companion, who also died in the crash.

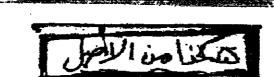
The driver of the car, Henri Paul, chief of security at the Ritz, who also was killed in the crash, was legally At the time of the crash on Aug. 31, drunk and taking prescription drugs for to the Ritz by Etoile-Limousine.

depression at the time. The legal action cites both the Ritz and Etoile-Limousine for "failing to provide a licensed driver" for the Mercedes in which the princess was riding.

Mr. Paul did not have the type of license required by law to drive the Mercedes 280S sedan, which was provided







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### INTERNATIONAL HERALD TRIBUNE, THURSDAY, SEPTEMBER 24, 1998

INTERNATIONAL

# **UN Debates a Demand** For Kosovo Cease-Fire

# Resolution Called a Warning to Milosevic

By Barbara Crossette New York Times Service

UNITED NATIONS, New York -Overcoming Russian reservations, the Security Council approved on Wednesday a resolution demanding an immediate cease-fire in Kosovo and an end to Serbian attacks on civilians.

The vote was 14-0, with China The resolution, which carries the im-

plicit threat of force from NATO if fighting does not end, is intended to serve as a strong warning to President Slobodan Milosevic, diplomats said.
They acknowledged that differences

of interpretation remain on whether this action authorizes NATO to proceed with military action, an issue that has divided Russia and the United States.

Calling the resolution "sufficient unto the day," Foreign Minister Hubert Vedrine of France said that the Security Council can wait before battling out the next stage in its course of action. What was important, he said, was a unified front against the Serbs.

The United States has argued that

NATO does not need a Security Council resolution to take action in Kosovo but agreed to back the British and French governments, which wanted the action to be taken in tandem with NATO discussions on potential military re-

Russia's representative, Sergei Lav-rov, said Tuesday that Moscow could accept the resolution because it did not specifically call for military action.

On Tuesday night, Igor Ivanov, the new Russian foreign minister, had appeared to rule out approval for military action. Western nations had feared a Russian veto in the council and worked the Russians to back a resolution more as a threat to its neighbors and therefore a warning to President Milosevic than as a prelude to attack.

To underline Russia's interests and the council's unity in its message to Mr. Milosevic, the resolution reiterated unkept promises that the Serb president made to President Boris Yeltsin of Russia in June and renews demands that those pledges be met.

how to deal with the Kosovo Liberation individuals involved in acts of political Army, an ethnic Albanian force fighting the Serbs in the Kosovo region.

Mr. Vedrine said that the countries. pressure on the secessionists in Kosovo Russia and the European Union.

to join a cease-fire and a dialogue and not be further inflamed by the most radical elements in their movement. Mr. Milosevic has broken previous understandings with the Russians. The

resolution, proposed by Britain and France, restates Moscow's demands on the Serbs, including an agreement to allow European Union observers into Kosovo, to guarantee access for relief agencies and to provide for the safe return of refugees The main thrust of the resolution,

however, is its demands -- supported by its status as a Chapter 7 resolution, which under the United Nations Charter makes it militarily enforceable — that the Serbs and their ethnic Albanian opponents in Kosovo cease hostilities immediately and begin a serious dialogue. It also calls for an end to Serbian attacks on the civilian population.

The resolution is part of a twopronged campaign being mounted by Washington, which has taken the position that it does not need Security Council backing for military action.

The council action is being pursued along with a request to begin contingency planning for action in Kosovo. That planning includes the lining up of pledges of military support from NATO members and others who may want to become involved.

day to describe this NATO action as a step in planning, not a first step to war. Clinton administration officials are also insistent that the introduction of American ground

troops is far from present plans.
In his speech Wednesday, Mr. Ivanov, in Iraq and raised the possibility that Russia will argue in the coming crucial hard over the last few days to persuade months on that issue that Iraq is no longer

### ■ France Acts on Terrorism

France proposed Wednesday that the UN adopt a new international convention to strike at the sources of funding for terrorism, Reuters reported.

Mr. Vedrine said the permanent threat of terror made necessary new legal means The resolution only skirts the issue of to seize or freeze the assets of groups and violence. He said France would present a draft convention to the current General Assembly session after reaching agreeframing a response to the Kosovo crisis ment on it with experts from the Group of would have to find a way to bring greater Seven leading industrialized nations,

ended for good.

vorable for us."

"Anything can happen in secret was \$2.1 billion in debt with only 14 of talks," said Thomas Diethelm, a veteran its 52 planes in flying condition. Manila correspondent for Swiss Broadcasting Corp. But, he added, "It doesn't

While the plane was still eight hours

"We may never fly this way again," sang Alfred Magbanua, the pilot on the final flight into Manila, as he stepped off his Airbus A330, to the tune of "We May Never Love Like This Again," and

There was no way, said the presidential spokesman, Jerry Barican, that the government would take over the airline, which it auctioned off as a lost cause in 1992.

its 52 planes in flying condition. For the Philippines, the demise of its national airline is one of the most

wrenching financial catastrophes in Asia since the economic crisis began to hit the region in earnest a year ago.

Mr. Tan, who made most of his billions from a company called Fortune Tobacco during the Marcos era, battled to take control of Philippine Airlines as a prestige entity that he believed he could turn into a money-maker. Promising that PAL would soon become the greatest airline in Asia, he announced a \$4 billion expansion plan two years ago.

His dream vanie -d, however, when it became clear that the Philippines, like Thailand, Malaysia and Indonesia, would become a victim of the Asian financial crisis.

PAL has also had to fight a strong labor movement that staged a 22-day pilots' strike in June. Government officials have asserted that former Communist agitators influenced the union.

In the minutes before midnight, the government announced that the air force would handle shipment of vital supplies, including medical equipment, using its six cargo planes. But an official admitted that three of the six could not fly.

that such a coalition is an attractive

In a poll published this week by the

Emnid research organization in Der

Spiegel magazine, 35 percent of the can-

vass thought a Grand Coalition would

emerge from the election, more than any

other possible response. Another 35 per-

cent said they thought a Grand Coalition

could best solve the country's problems,

more than any other coalition considered

not permit individuals to vote for a co-

alition, but the procedure is sufficiently

complex so that voters can fine-tune

Voters have two ballots, one for a

single candidate in their winner-take-all

home election district races, and another

for a list of party candidates in their

region. Vote-counting involves a mix-ture of the direct elections and propor-

tional representation, with an element of

special weighting for the parties with

direct victories or 5 or more percent of

the general outcome of the election by

splitting their votes, choosing their basic

preference in the direct election, and

then trying to help a potential coalition partner with their second vote. These

shadings rarely have been as important

Parties enter the Bundestag with three

Many voters feel they can influence

The ballot system in Germany does

prospect for a substantial part

electorate.

in the poli.

their intentions.

direct winners.

the total vote.

### BRIEFLY

### Loyalists in Congo Attack Rebel Camp

GOMA, Democratic Republic of the Congo — At least 56 people were killed in the east of this country on Wednesday when militiamen loyal to President Laurent Kabila attacked a military camp, rebel officials said.

Residents and rebel soldiers said a coalition of Rwandan Hutu Interahamwe militiamen and traditional Mai Mai warriors on Wednesday morning attacked a military camp at Ndosha, about 4 kilometers (2.5 miles) north of Goma. A senior rebel leader, Lunda Bu-

lulu, told reporters that five women and one child had been killed in the crossfire when the attackers moved along a main road adjacent to the camp near an orphanage.

Last week, a coordinated offensive on Goma involving the Mai Mai, the Interahamwe and Hutu soldiers from the former Rwandan Army, left close to 300 people dead, rebel officials said.

### Israeli Opposes A Military Plant

JERUSALEM — The mayor of a small Israeli town asked the Supreme Court on Wednesday to block the government from expanding a scientific facility in his city because according to press reports the facility manufactures biological weapons.

The government said the reports, which have appeared in Israeli newspapers attributed to unnamed "foreign reports," were inaccurate, but citing security reasons, refused to say in open court what the in-

The Biological Institute has been operating for decades in Nes Tsiona, a small bedroom community south of Tel Aviv. In his petition to the Supreme Court, the town's mayor, Yossi Shevo, wrote that the institute conducts research "in the area of biological weapons and manufactures violent bacteria, which constitute a danger to the lives of the people living in the vicinity of the

### It's the Press's Fault In Venezuela, Too

CARACAS - Venezuela's defense minister blamed the media on Tuesday for fueling fears of a possible coup attempt amid a tense election campaign in which a former coup leader tops opinion polls.

Venezuelan newspapers, radio stations and television networks have run a number of articles in recent weeks speculating on the possibility of a military takeover to prevent the front-running candidate, Hugo Chavez, from winning December's presidential vote.

But Defense Minister Tito Rincon said the military would remain neutral in the elections. "The only places I have seen unusual situations and even talk of a coup is in the press," Mr. Rincon told reporters. (Reuters)

### For the Record

Relatives of the thousands of people who disappeared during Peru's war on leftist guerrillas protested in Lima against human rights abuses. Scores of Andean peasants, mainly women, urged President Alberto Fujimori to investigate about 5,000 cases of people allegedly kid-napped and murdered during the 1980s and early 1990s. (Reuters)

### **MALAYSIA:** Wife Is Questioned

Continued from Page 1

authorities will enforce laws that prohibit rallies by those who have not obtained a police permit.

In an interview on Tuesday, Mr. Mahathir, 72, said police had not acted earlier to stop the protests, partly be-cause they felt they were under a spot-light from visiting dignitaries and ath-letes for the Commonwealth Games,

which ended Monday. "The police did not act because we are conscious all the time of being scrutinized," he said. "The searchlight is focused on us. If we do the slightest thing wrong we are going to be accused. And we know that Anwar has very powerful friends abroad. Leaders of governments. Foreign intellectuals.

Oueen Elizabeth II left Wednesday after a four-day visit, and athletes and journalists who came for the Commonwealth Games have departed as well. Mr. Mahathir has said he expects Mr.

Anwar to be charged in court soon for his alleged involvement in homosexual acts, which are illegal in Malaysia.

Mr. Anwar, who vehemently denies the charges against him, is also under investigation for treason, sedition and unlawful assembly. He is being held under the Internal Security Act, which allows indefinite detention without trial.

### ■ Protest to Australia

Malaysia has officially protested remarks made by Australian leaders about the arrest of Anwar Ibrahim and several Those outside the Fed who favor a rate of his followers. Reuters reported from

But Prime Minister John Howard itarian approach."



Ethnic Albanian refugees from Kosovo going about their daily routine in an abandoned plant near Sarajevo.

### AIRLINE: Debt-Laden Philippine Flag Carrier Is Closed Down

Continued from Page 1

An American official took pains Tues- union representing the airline's 7,000 employees.

Declaring he had "exhausted all remedies," Mr. Estrada said, "Everything is over, PAL is closed."

Mr. Tan, who took over the flagship carrier in a bitter, protracted battle sevthe Russian foreign minister, also eral years ago, refused to relent in his warned against the use of military force final offer requiring workers to agree to eral years ago, refused to relent in his suspend collective bargaining for 10 years in return for a 20 percent stake in

Leaders of both the company and the union said the talking was over, although no one dismissed the possibility of sale of a portion of the airline to a new

There was also the possibility of violence erupting in an atmosphere of bitter recriminations over the failure of last-"We will take legal or extralegal ac-

tion to protect the interests of the union members," said Gerry Rivera, vice president of the Philippine Airlines Employees Association.

In the rough and tumble of Philippine politics, observers in Manila said, it was impossible to say that negotiations had

Continued from Page 1

predicted would be a very high turnout.

Mr. Schroeder, asked privately here

Since then, in an apparent effort to

reassure centrist voters after moving

away from his theme of The New Middle

toward more left-wing tones, the Social

Democratic candidate said his party

would serve as innior partner in a Grand

In this event, with no majority for an

alliance between the Social Democrats

and Greens, Mr. Schroeder has made it

clear he would return to his post as

minister-president of Lower Saxony,

leaving Oskar Lafontaine, the SPD

chairman, to become vice chancellor un-

Wednesday, Mr. Kohl, who has frequently said he would not participate in

any Grand Coalition, acknowledged for the first time the possibility that one

could come into being. In a complex election situation, with candidates ap-

late last week about the race, said that it

would be very close, but that he would

win with a margin of 2 percent.

Coalition if necessary.

der Mr. Schaeuble.

look good. After a sendoff that mingled songs

and tears and anger over the demise of Asia's oldest airline, the final outbound flight, packed with 381 passengers, flew to Los Angeles and San Francisco.

from its destination, another plane arrived from Tokyo via Cebu, in the central Philippines, disgorging disbelieving, weeping crew members and

Three hours later, the airline closed its

government officials agreed.

'There is no money for it," he said. "It seems to be a bottomless pit."

By the time it shut down, the airline

GERMANY: Calculations Start in View of a 'Grand Coalition'

Mr. Kohl said in a television interview "The mood in our campaign rallies he could not imagine his party serving as second fiddle in a Grand Coalition, but this was far from the majority view among Christian Democrats, who are

such an association.

The Grand Coalition option is at the center of political considerations now because polling organizations' projec-tions show that if the Party of Democratic Socialism, the re-named East German Communists, enters the Bundestag

majority is at hand. Most of the polls also say that in

the SPD and the Greens. With the realities of the domestic political landscape ruling out the possibility of a single party's winning a

Republic was born. Leadership of a Grand Coalition,

in a new government formed by the two but because of their growing realization

has tipped over into excitement," he said.
"When it's there, you can't miss it.
It's there now, and it's extremely faaware of the popularity among voters of

> alongside the CDU, SPD, Free Democrats and Greens, no other workable

> mathematical terms, a return to Parliament by the Communists is by itself sufficient to block a coalition between

> majority, coalitions have been a fact of German political life since the Federal

which ran West Germany between the CDU government of Ludwig Erhard and the SPD government of Willy Brandt, would go to the party winning the most Bundestag seats. Both parties are compelled to be ex-

### pealing to fine shadings of voter in-terests, this appeared to be the chan-cellor's way of suggesting a vote for him tremely careful in their handling of the meant, at the very least, that Christian issue not only because of the obvious possible impact on their own vote totals as in Sunday's vote. Democratic leadership could be assured

### **GREENSPAN:** aide has proclaimed that producers Hints at Lower Rates Continued from Page 1

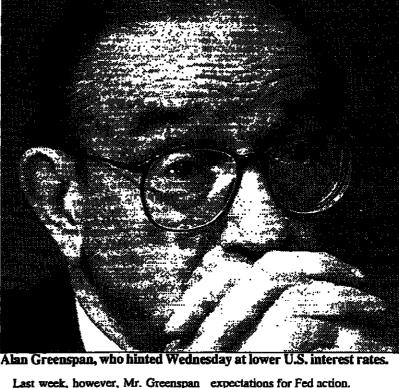
greater threat than "excessive weak-

ness" in the economy. By August, Ms. Stone said, the Fed committee felt that, in the words of Mr. Greenspan on Sept. 4, 'the risks had become balanced" between inflationary and recessionary forces due to "dislocations abroad." Now, she said, the Fed chairman has

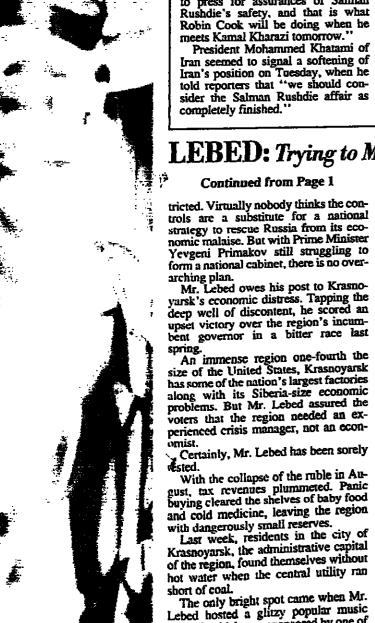
gone further, with the idea that the ressionary risks were likely to intensify. "I am certainly on the verge of breaking the law but I think my measures are justified," Mr. Lebed said this month. creased the possibility that the slowdown in the growth of the American Defending his price controls, Mr. economy will be more than sufficient to hold inflation in check.'

In addition, she said, his comments were similar to those offered in London profiteering by local producers, who on Tuesday by William McDonough, were taking advantage of the crisis to president of the New York Federal Reserve Bank. Mr. McDonough's views on monetary policy are often similar to pensive?" he asked "Has the price of those of Mr. Greenspan.

Mr. Lebed is not the only one to turn to kindled by Mr. Greenspan's Sept. 4 speech. Ten days later, President Bill The city of Kaliningrad, isolated on Clinton gave a speech in New York that was followed by a communiqué from gency. The tax police in Novgorod have officials of the Group of Seven industrial prowled through the city, fining shops countries that indicated a coordinated rate cut might be in the offing.



Expectations for a rate cut were told a House panel that the G-7 was not planning a coordinated move, but he did cut argue that it is necessary to shore up Kuala Lumpur. not address the possibility of the Fed shaky world markets and take pressure off reducing rates on its own. Financial mar-some countries, especially Brazil, where stood by a remark that Malaysia showed kets have been volatile in the past few an outflow of capital threatens to leave the an apparent drift "towards an authorweeks, in part a reflection of changing government unable to repay its debts.



Maria Laura

### But Britain has always insisted that By Sarah Lyall nothing short of a complete lifting of the death sentence, as well as the revocation of the \$2.5 million bounty on

U.K. to Press Rushdie Case in Iran Talks

LONDON - The British government said Wednesday that it would Mr. Rushdie's head pledged by a revcontinue to press Iran to lift the death sentence against the author Salman Rushdie when its foreign secretary, problem. Robin Cook, meets the Iranian foreign

minister in New York on Thursday. "We're working to achieve a resolution to the problem that is going to be acceptable to both sides," said a spokesman for the Foreign Office. 'We've always taken the opportunity to press for assurances of Salman Rushdie's safety, and that is what

President Mohammed Khatami of Iran seemed to signal a softening of Iran's position on Tuesday, when he told reporters that "we should consider the Salman Rushdie affair as

mained completely finished.'

Yevgeni Primakov still struggling to

arching plan. Mr. Lebed owes his post to Krasnoyarsk's economic distress. Tapping the deep well of discontent, he scored an upset victory over the region's incumbent governor in a bitter race last

voters that the region needed an experienced crisis manager, not an econ-Certainly, Mr. Lebed has been sorely

With the collapse of the ruble in August, tax revenues plummeted. Panic buying cleared the shelves of baby food and cold medicine, leaving the region

Krasnoyarsk, the administrative capital of the region, found themselves without hot water when the central utility ran short of coal.

Lebed hosted a glirzy popular music festival, which was sponsored by one of Russia's leading television networks -

fidently about single-handedly turning the situation around. Krasnoyarsk, he says, needs a greater

After he wrote "The Satanic Verses," Mr. Rushdie was accused of blasphemy against Islam and condemned to death in a religious decree by the late Ayatoliah Ruhollah Khomeini in 1989

olutionary foundation in Tehran,

would be an acceptable solution to the

Since then, he has lived in a number of safe houses around London. guarded around the clock by members of the Special Branch. After he and several representatives from the International Rushdie Defense Committee met with members of the Foreign Office on Wednesday, the committee issued a statement saying that it remained "cautiously optimistic" about Thursday's meeting.

# LEBED: Trying to Make Inflation Illegal

Continued from Page 1

tricted. Virtually nobody thinks the controls are a substitute for a national strategy to rescue Russia from its economic malaise. But with Prime Minister form a national cabinet, there is no over-

An immense region one-fourth the profit. size of the United States, Krasnoyarsk has some of the nation's largest factories along with its Siberia-size economic

rested.

with dangerously small reserves. Last week, residents in the city of

a brief distraction in what may be one of the toughest winters in years. Chastened by his region's economic woes, Mr. Lebed no longer talks con-

share of the nation's tax receipts and lower railroad freight and electricity rates to thrive over the long term. It is Mr. Lebed's short-term plan,

### izens to draw the political battle lines. Anxious to quell the economic turmoil

sweeping the nation, Mr. Lebed has de-

creed controls on the price of meat, fish. bread, flour, cereal, pasta, beverages and Under Mr. Lebed's system, producers who want to raise the wholesale price of goods need to appeal to a panel of gov-ernment officials at least five days in advance. Officially, no ceiling on wholesale prices was set. But a Lebed

should be satisfied with a 2 percent Retail prices are regulated according to a formula: Shop owners are not allowed to sell their food and beverages for more than 10 percent above what they paid. Krasnoyarsk's tax inspectors are conducting spot checks to make

Mr. Lebed has emerged in opinion polls in recent weeks as the most popular alternative to the Communists. But his brand of capitalism is un populist and

The emergency situation is compelling me to take emergency measures.

Lebed said they were needed to head off The only bright spot came when Mr. a wave of frenzied buying.

Another goal, he said, was to stop

Why should milk become more ex-

ratchet up their prices.

cows gone up?

price controls. The city of Kaliningrad, isolated on the Baltic, has declared a state of emerfor exorbitant prices.

# **Dubious Attack on Sudan**

Almost immediately after American missiles destroyed the Shifa pharmaceutical plant in Sudan last month, serious questions arose about whether the Clinton administration had targeted the right factory. The administration insisted that the factory was producing nerve gas for terrorists. But a report in The New York Times by Tim Weiner and James Risen (IHT, Sept. 22) reveals that the decision to attack the plant was based in part on incomplete information and inference.

The administration argues that it nevertheless had enough to go on to justify the attack. But the launching of deadly American missiles requires more solid and convincing evidence than Washington appears to have had

The crucial decisions leading up to the attack were made by a narrow group of top national security officials meeting alone. Knowledgeable staff members were excluded to assure secrecy. With America's embassy in Khartoum closed, up-to-date information was scarce. Hard proof linking the Shifa factory to terrorism and nerve gas production was elusive, and the indirect evidence that was available was incomplete and open to conflicting interpretations. In addition, the CIA had recently concluded that reports that had appeared to document a clear link between the Sudanese government and terrorist activities were fab-

Soon after the Aug. 20 missile attack, the administration was compelled to retreat from its claims that the Shifa factory had been directly financed by Osama bin Laden, the alleged terrorist linked to the deadly attacks on two American embassies in Africa. Washington still insists that soil samples in American possession conclusively prove that an early stage of nerve gas production was taking place at the plant. But Western scientists who recently worked at the plant insist they

main source of locally needed agricultural chemicals and veterinary medicines. Whether it turns out that the United States destroyed the Shifa plant in error, Washington should offer to replace any lost production of agricul-

If these potential leaders are sidetracked, the region will have less chance to overcome the corruption and cronyism that contributed to the eco-

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? The archetype of this generation is Anwar Ibrahim, until recently deputy prime minister of Malaysia, now under arrest after the circulation of bizarre and unsubstantiated charges of sedition and sexual misconduct. "People in my generation would certainly like to see greater liberty, access to literature and knowledge, less censorship," Mr. Anwar told Newsweek emagazine last year. "We don't have an obsession about the need for order and rpolitical stability. We did not experience the same turbulence that our

elders encountered." omies began to falter, their differences builder of their modern nation. in outlook could not be papered over.

knew of no nerve gas work.

tural and veterinary products from the plant. It does not help the war against

terrorism to hurt innocent civilians. Washington's nerve gas allegations may well be correct. But the record badly needs to be clarified. Wrongly, the administration has resisted calls for independent verification of soil samples from the plant. It should agree

to such review. The United States is entitled to use military force to protect itself against terrorism. But the case for every such action must be rigorously established. In the case of Sudan, Washington has conspicuously failed to prove its case.

# **Another Casualty in Asia**

cent years, a rising generation of lead-ers had begun to emerge, less wedded to authoritarianism than postcolonial leaders and more favorably disposed to democracy and openness. Now this generation is another potential casualty of the economic crisis that has

Instead, they say, Shifa was Sudan's

-THE NEW YORK TIMES.

Throughout Southeast Asia in reswept the region.

nomic troubles in the first place.

For several years, Mr. Anwar, 51, hamad, 72. But when Asia's econMr. Mahathir blamed outsiders --- currency traders, Jews, the West. Mr. Anwar, while finding merit in some of the prime minister's criticisms of an unfettered market, also wanted liberal reform within Malaysia. That was too much for the longtime ruler, with his heavy-handed influence on judiciary and press, it was not difficult for Mr. Mahathir to engineer his onetime pro-

tégé's downfall. It is telling that the accusations against Mr. Anwar began to surface only after the rift with Mr. Mahathir began to emerge. Even then, Mr. Anwar was told that if he resigned without making a fuss and with no further criticism of Mr. Mahathir, he would be safe from prosecution.

Courageously, he declined that offer, and in the days leading up to his arrest he was greeted by larger and larger crowds welcoming his calls for reform. On Sunday, he was detained indefinitely, and now a number of his

associates are being held. Mr. Mahathir may care little for world opinion. But his latest show of contempt for the rule of law and for fair play may hurt Malaysia not only in the er, Prime Minister Mahathir bin Mo- also among Malaysians who until now respected their prime minister as a

# NATO's New Main Act Risks Being a Sideshow

WASHINGTON — The Clinton administration sees the extending of NATO into Central Europe as a three-act pageant. But NATO expansion has become a mystery, with its most important story lines being developed and obscured by events racing beyond the control of the pageant's

would-be directors in Washington. Act One occurred in Madrid 14 months ago when the 16-member alliance agreed to make the Czech Republic, Hungary and Poland members in 1999 while holding the door open for other former Soviet satellites to join later. Act Two was an equally showy Clinton victory in the Senate, which ratified expansion last spring.

The administration is now at work on Act Three: In April, the first three Central European nations will formally join the North Atlantic Treaty Organization at a 50th anniversary summit meeting in Washington. Showers of confetti, gales of self-congratulatory rhetoric, exit all into an eternally peaceful Europe.

That is the hope. But the meeting could well highlight NATO's ebbing By Jim Hoagland

off the promised new vitality. That danger will be compounded if the administration prepares the meeting as a combination celebration of American victory in the Cold War and vindication of Bill Clinton's embattled presidency.

NATO will soon be bigger. But will it be any better at using military power to deal with security problems it was not originally designed to confront? That is the hard conceptual question that Mr. Clinton's national security team has yet to answer convincingly.

Mr. Clinton and his aides repeatedly said in pushing NATO expansion that it would inevitably make Russia more secure — even if the Russians did not understand that - by stabilizing democracy in Central Europe.

But Russia has since gone off the rails.
A civil war has erupted in the Serbian province of Kosovo, where NATO's threats to intervene have been shown to be empty by Slobodan Milosevic's continuing bloody repression. In Bosnia last authority and failing sense of purpose in European security instead of showing backed by the United States and pro-

tected by NATO suffered embarrassing rejection in provincial elections. None of these events were caused by NATO expansion. Nor were they deterred by it. As it stands, NATO expansion is turning out to be irrelevant to Europe's big security

problems of the future. The planning of a strategic concept for the expanded alliance is reaching its critical point now, and sharp differences are surfacing over what the organization's future missions will be. The responsibility to persuade Mr. Milosevic and other predators that expansion will not dilute NATO cohesion and give them free pass cannot be put off until April.

These concerns were at the heart of Clinton and the Czech president, Vaclav Havel. "The April summit cannot be just a commemorative gathering of Cold War victors," Mr. Havel told me later. "NATO has a historical challenge to become an instrument of collective defense, and of collective se-curity, by focusing on its new tasks."

"If you look at Kosovo today, is what is happening there war or ter-rorism? How does NATO respond to it?

Mr. Havel made it clear in our conversation that he favored immediate NATO intervention in Kosovo. That conflict, he said, is rapidly becoming "a threat to the peace and security of Europe. This is an extraordinary case that requires extraordinary action."

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Article 5 of the NATO treaty authorizes military action only to defend NATO members' territory, but, he argued, the article "should eventually be amended to permit NATO to act on its own in extraordinary cases outside NATO. Until this happens, action should be taken in the spirit of this amendment." This puts him at odds with France, Britain and other NATO memdiscussions here last week between Mr. bers who insist that UN authorization is necessary. Mr. Havel seemed to be trying to frame a compromise between them and Washington in the gathering

dispute over the new strategic concept. War in Kosovo and collapse in Russia were not part of the script written by Mr. Clinton and his aides. They bear heavy responsibility to keep NATO expansion, which they sold as the main act of European security, from becoming an irrelevant and distracting sideshow.

The Washington Post

# Risk-Takers' Crisis of Confidence Tests the Markets

AMBRIDGE, Massachusetts — It was what iust right. And that is why, over the past few years, the remarkable American economy has come to be known as the Goldilocks economy." For it

has been "just right" in its combination of low inflation, low unemployment, good growth and great job creation. Unfortunately, the Three Bears may now be heading for the house. Much of the rest of the

world's economy — the only other exception being Western Europe — is either engulfed in or threatened by monetary turmoil, economic collapse and contagion, with the specter or reality of political and social turmoil in close attendance. What was thought to be a hyperspeed financial crisis is now entering its 15th month, and at every stage it has proved worse

than at first thought. In the aftermath of the Russian default and devaluation, the immediate battleground has shifted to Latin America. But was not tempered as growth the past few weeks have slowed. In Russia's case, a brought the jolting recognition political statemate prevented controls to slow that money that Goldilocks is not invulnerable to what is happening in the

Perhaps the American economy is so resilient that it can United States will be affected gent? After all, Latin American currencies and then attacking No. 2 economy, is not), improv- Post.

By Daniel Yergin

Goldilocks liked so much about through reduced exports, lower the porridge — that it was corporate profits, monetary in-neither too hot nor too cold, but stability, unanticipated exposures and losses, and the reverse wealth effect that would result from a falling stock market. Europe is likely to find that the euro arrives on Jan. 1 in the midst of unexpected stress that greatly complicates the workings of the new monetary union. Downturn in the United States and Europe, in turn, would constrain export markets, making recovery in other parts of the

world that much more difficult. The heart of the matter is the misfit between global capital markets and national financial systems. It has turned out that the national systems did not have the institutional capability — or sufficient levels of knowledge or independence -- to cope with the rapidly mounting flood of funds. Asian countries failed to comprehend the scale

of debt or to properly gauge the risks. Years of high economic growth created a confidence in both borrowers and lenders that resulting revenue shortfall led to short-term, credit-card type

shrug off the shocks. But the spreading around the world, hit-risk is now much greater that the ting countries so widely diver-nipulating — the mispricing of doing, and as Japan, the world's comment to The Washington

countries such as Brazil and Argentina are hardly in the same situation as Russia. Nor is Poland, the most successful of the transition economies. The explanation is contagion. But this is an ailment not of countries but among investors. What it really means is a sudden multiplying of the risk premium, with very harsh consequences for countries. Lenders and investors, originally drawn into emerging markets by the prospect of growth, now see only the downside, and they are rushing for safety. The result is a de-

liquification of national econ-If the past two decades have been dominated by a disillusionment with government management of economies, is a new disillusion with markets themselves settling in? To some degree, yes. Russia is backing away from reform and again turning toward intervention. Malaysia has clamped on currency controls and arrested the pro-market former deputy prime minister. Even free-market Hong Kong has been buying up shares in its stock market to frustrate speculators. Capital tax reform and collection. The inflows - even if only "temporary" — and protectionist borrowing by the government. Hostility is growing against

them, with all the pain and social disruption that follows. And there is increasing questioning of markets themselves. Yet the interwoven links cre-

ating the new global reality -trade, direct investment, capital markets, technology, communications — will continue to erode borders. Incremental retreat of one form or another is possible, indeed likely - as is the search for the villains. But barring a major collapse, wholesale retreat would mean a retreat from future investment and economic growth.

Much is currently made of imprudent lending, though that is easier to judge in retrospect. But what would be imprudent now is not to act to offset a

global downtum. Certain factors make it more difficult. Leadership is obviously hobbled in the three critical countries — the United States, Germany and Japan though for wildly differing reasons. The international institutions that provide the means for coordinated responses are overstretched to near exhaustion,

under attack and battered. The global economic crisis is really a crisis of confidence." What are needed are concrete measures that incrementally remeasures will be on the table. build confidence. Such measures would include reforming

ing tax systems, sharpening the distinction between government and market, and replacing intervention and manipulation with efficient regulation. Other steps involve implementing recognizable international standards, providing assurance of level playing fields to investors, facilitating direct investment,

ing clarity and transparency. So far at least, those countries that have gone farther in reform are proving more resilient in the crisis. Social safety nets are essential if there is not to be a permanent embittering and loss of vitality. National polities will have to look beyond national politics. And international cooperation in restructuring debt

resisting protectionism, deliver-

What also is required is a is critical. better understanding of how the new global financial system works. Very few knew in advance how unforgiving its new rules could be. In due course, greater transparency may be required not only of national economies but also by international investors. And, at bottom, what is critically needed is honesty 🕌

in the processes by which mar-kets work, about the current situation and about the seriousness with which it will be met.

The writer is chairman of But why are these shocks those who make their money by and repairing financial institu- Cambridge Energy Research

# Other Comment

### World Wide Witnesses

It was a distressing image that the United States projected on its citizens and imposed on the rest of the world. Virtually the entire planet has been a witness to the most intimate part of a

human being: his sexuality. The president's comment while he was harrassed by Kenneth Starr and his subordinates, that sexuality "remains the most mysterious facet of human life," may be the only important point worth remembering in this absurd mat-

The sex life of the 42d president of the United States certainly seems to be stuck in adolescence, but that should concern only himself, his partners, and

Why are we transformed into "voyeurs"? The media is being held accountable for this, but the Republicans who hold the majority in Congress authorized the scandal to unravel, contradicting the tradition of the

'American judicial system. It would certainly have been preferable for Bill Clinton to have behaved like a man who was anxious to preserve his dignity, rather than like a

clever lawyer or a steadfast politician. Had he refused in the first place to answer the independent counsel's sa-lacious questions, thereby defying the Surreme Court's initial decision in the

Paula Jones case — and risking a major

conflict between the executive and the

There is no doubt that courage and the truth would have been a better strategy, but it was not to be and the entire picture is a lot gloomier today: Bill Clinton dragging his lies with him like a ball and chain, and doing so in front of a federal jury in an atmosphere of political and sexual inquisition.

But the underlying matter still pre-vails. Kenneth Starr's strategy and the attitude of Congress's Republican majority ignore the people's opinion. President Clinton was elected, and reelected, by the American people. It is not up to hypocritical and extreme initiators of a political campaign to force Mr. Clinton to resign, against the will if we believe opinion polls — of the majority of Americans, under the pre-

text of his private life. should resign and hand over his po-sition to Vice President Al Gore, who is currently considered to be the person most capable of portraying the values

motivated by such mean politics.

# Look for Skill, Not Just Decency, After Clinton

judiciary — the debate would not have WASHINGTON — The longer the White House

Some people think the president of the new democracy, which Bill Clin-

ton had embodied until now. Whether the situation evolves in this way or not, one can only condemn this diversion, which is not exclusively American. It is a step back, a moralistic, on the surface prudish - and as such distressing - and dangerously regressive change, especially when it is

scandal lasts and the more the Nor only were Republicans. It is the Carter example I find public is forced by Congress waxed in November 1974, three particularly instructive — and

So far, almost all the attention has centered on what the Lewcritics, or depress voter turnout in the midterm elections, and whether it will embarrass Democrats and embolden Republicans in November. But to dumping Mr. Ford and nominating Ronald Reagan, the clarithere is no certainty the impact

will stop there.

By David S. Broder

and the independent counsel to months after Richard Nixon was confront details of presidential forced to resign and two months behavior people do not want to see, hear or read, the greater the pardoned him, but it altered the chance this sorry matter will tone and affected the outcome of

have long-lasting effects on the 1976 presidential race.

American politics.

Both parties went looking Both parties went looking in 1976 for candidates far removed from the moral squalor insky affair may do, whether it of Washington -- people who will create a backlash against could plausibly claim to be President Bill Clinton's political more principled and more trustworthy than the politicians who

had so disillusioned people. The Republicans came close on voice of conservatism. The Democrats nominated and elect-The last time a scandal of such a scale rocked the presidency, in Watergate, it echoed for years.

ed former Governor Jimmy Ripped out of historical context and viewed with cold-eyed watergate, it echoed for years.

the Plains Baptist Church.

alarming. Let me stipulate at once that Mr. Carter is a highly admirable human being, a splen-did example of unselfish public service. His humanitarian efforts have been justly praised.

But the Carter campaign of 1976 looks like an anomaly. Here was a former one-term governor of a middle-sized state, with no great record of accomplishments at home and no national recognition at the begin-ning of the election year. He won over a field of more credentialed Democrats and then defeated President Ford essentially by re-

peating a six-word incantation: "I will never lie to you."

school class in the basement of seems incredible that anyone could win the most powerful secular office on earth by making a claim at once so extrav-

> Mr. Carter's promise was like a drink of cool water for a nation wandering in a moral desert.
> In 2000, the most powerful slogan in the presidential race

agant and so simple.

may be even shorter than the one that elected Mr. Carter: "I will never embarrass you." ill never embarrass you."

agan's victory in 1980 — and lin a few weeks, a host of Reall that stemmed from it. publican contenders and probably more than one Democrat

will be announcing for president. In every one of their speeches, you will hear variations on the pledge to "restore dignity to the White House and make the Oval Office once again a source of pride to Americans, not the sub-

ject of late-night jokes." That is a change devoutly to be wished, but the Carter precedent sends another message: A man of fine moral character who lacks the necessary temperament

Mr. Carter fell out with a Democratic Congress in his first months in office and never enjoyed the traditional "honeymoon" period of substantial But at the time — after what accomplishment. When the enthe American people had seen happen in the White House — ergy crisis clobbered the econ-omy and the Iran hostage crisis omy and the Iran hostage crisis humiliated America in the eyes of the world, he was unable to find effective responses. His perceived weakness invited a challenge for renomination from Senator Edward Kennedy and set the stage for Mr. Re-

> How do we assure that in our search for decency in our next president, we do not overlook the other, more narrowly political skills the occupant of that office must have?

There is no pat answer. But we need to remember those questions and examine the records of the presidential aspirants, not only for demonstrated virtue but also for solid accomplishment, Good character should be and in 2000, it clearly will be the sine qua non of the president.

### and political skills will fail the But by itself, it is not enough. test of presidential leadership.

MADRID - The economical situation has become very grave. For the expenses of the repat-

### 1923: Morley Dies

and was Lord President of the Council in the last Liberal Government. He left the Asquite Cabinet when the war began.

# 1948: Marshall Pledge

PARIS - Secretary of State George C. Marshall, in an address before the United Nations General Assembly, pledged the United States yesterday [Sept. 23] to work for solution of critical world political problems. While inviting the Russians to shed suspicion and join hands in the UN team effort for peace, Secretary Marshall injected 12 firm qualification which some of the eastern European diplomats took to mean that East and West can co-operate, providing the East comes in on the West's terms. "Nations consistently in the minority," Mr. Marshall said, "would be welcomed among the ranks of the majority.

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Africa Is Missing Out on a Revolution

DARIS-President Bill Clin- By Ethan B. Kapstein ton's plan for reigniting economic growth emphasized cooperation with Japan and Europe, debt restructuring, sup-Bank and International Monetary Fund. All of these are helpful in the short-run, but they do greatest economic challenge:

joining the information age.

As every schoolchild in America and Europe now knows, the global economy runs on information. Computers are present in their homes and schools and in their parents' offices and factories. But the developing world is deprived - there is no other word - of a tool that has be-

user; in Africa it is one in every 5,000, and people in rural areas are effectively shut out. The developing world lost a generation of growth during the debt crisis of the 1980s. That decade corresponded with a moment of intense computer and software development and

and Thomas A. Marten

growing wedge formed beport for social safety nets, and tween the two, leaving the strengthening the Export-Import "South" even farther behind

economically. Africa missed out on the industrial revolution; now it is ternational lending institutions not meet the developing world's missing out on the information revolution. And as electronic commerce increases, it will become more costly to do business with African countries, making them less interesting for direct investment and even

product marketing.
International trade negotiations are now focusing on electronic commerce, but many of the developing countries taking part in the global talks are standing by the wayside. Mr. come absolutely fundamental to our way of life. One in every Clinton wants to make these countries America's future four Americans is an Internet

markets; he cannot do so if they are locked out of the global economy. In our view, there is no better

place to spend money for foreign assistance than on the information superhighway. One promising U.S. government program is the so-called

the Internet in Africa. But it amounts to a drop in the bucket; Africa alone needs billions of

dollars in telecommunications investment. If the developing world is to get plugged in, it must be on the basis of a combined effort of the major industrial countries, in-

> and private sector providers. Building a global information network represents an investment not just in emerging economies. It is good for democratization as well. Remember that faxed messages circulated by the Polish trade union Solidarity helped bring down the

> Iron Curtain. President Clinton says that democracies are the outgrowth of economic freedom and the creation of a middle class. That is surely so, but without the free flow of information democracies simply cannot be built.

Mr. Kapstein is Stassen Prothe University of Minnesota. Mr. Marten is a Foreign Service officer in charge of telecommunications and Internet policy at the U.S. Embassy in Paris, He investment in the countries of the "North." As a result, a year, \$15 million effort to build international Herald Tribune.

### IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1898: Price of War

iation of the troops it has been necessary to precipitate the contraction of a loan from Messrs. Rothschild with the Almaden silver mines as security and with that advance present urgencies have been satisfied. According to official figures, the Cuban war since 1895 has cost nearly

# 2,000,000,000 pesetas.

LONDON - Viscount Morley, the Liberal statesman and bi-ographer of Gladstone, died of fessor of International Peace at heart failure at his residence, Flowermead, Prince's road, Wimbledon Park, to-night [Sept. 23]. He was taken ill a week ago. John Moriey was born on December 23, 1838. He became Chief Secretary for Ireland and

later Secretary of State for India, mise of basic principle." but not at the price of compro-

مكناهن الاجل

# ه گذامن الزجل

### **OPINION/LETTERS**

# Distress Over the Starr Inquiry And the State of the Nation

I have seen the video, read the report and made my decision. Yes, President Bill Clinton nitpicked; yes, he clung to a legal loophole in the hopes of avoiding a scandal. But did he lie? Technically, no. I believe he really thought he was telling the truth when he denied having sex with Ms. Lewinsky according the definition in the Paula Jones case. I do not think his denial constitutes perjury. I think Mr. Clinton is just this side of legal, and that's enough for me. The toonarrow definition of what constitutes sex is to blame. Mr. Clinton capitalized on the flaw to try to save his family, his job, himself. Who can blame him? TIMOTHY J. HORNER.

Oxford, England

The Clintonesque character in the Ioe Klein's novel "Primary Colors" never had to face his problems because "he never had to pay the bill." Mr. Clinton's entourage served as classic enablers over the years, and now he expects the entire country to play along and protect him one more time from the consequences of his own actions. He alone is responsible for his behavior, and he alone must bear the consequences. Nothing would be gained by America becoming a nation of enablers, and much would be lost.

Menton, France.

No human being deserves this kind of public humiliation, let alone the president of a nation. The video of Mr. Clinton's testimony should not have been aired while he and other heads of state were meeting in New York - or on any other day.

SITA AVASARALA Monaco.

Mr. Clinton deserves a Congressional 'motion of censure, Kenneth Starr deserves to be indicted for abuse of power and, above all, every member of Congress who voted to flood the internet with "secret" grand jury testimony of a repugnant, pornographic character should be voted out of office on the grounds of breach of common sense. JAMES WILSON.

The Congress of the United States is full of vindictive characters who want to remove Mr. Clinton from office, no matter the justification. They are really after him for the high crime of having been elected president as a Democrat.

I suppose it would be too much to expect cooler heads to prevail and have this "scandal" tossed back to the pages of supermarket tabloids where it belongs. It surely does not belong in the Congressional Record — not of the country that I grew up in.

MARC D. EMORY.

The democratic process in the United States is coming apart, thanks to Mr. Starr and a loathsome Congress, Surely the Congress has more urgent matters to deal with in an unstable world than grand jury trash. To consider the impeachment of the president for his private behavior is incredible. To worry about how children will be effected by the Starr report, considering the daily showing of violence, is an indication of a unbalanced society.

H. MEYERHOFF.

What a group of spiteful people, Mr. Star and his agents. Unfortunately this seems to apply to 30 to 40 percent of my compatriots. The mass media do not help either, if this were American football, they'd be called for "piling on."

A.A. RAVEN. St. Mina, Greece.

Instead of addressing issues that matter, we see wise men in high place bursting with missionary zeal, who claim to be outraged, shattered and deeply hurt in their feelings, while gloating over every smutty detail. Together with millions of people, I benefitted greatly from the prosperous America that Mr. Clinton maintained with sound, stable economic and social policies. Let him continue.

PAUL WETTSTEIN.

Mr. Starr's questioning of the president must not be the basis for a criminal charge. It was simply a transparent, yet

### Just What Would the Framers Think?

Regarding "No Easy Road for Clin-ton" (Opinion, Sept. 18):

used in the political fray and that what the editorialist rightly calls the

The Framers of the Constitution worldly men. What they couldn't en- about his sex life. vision, I dare say, was that such tawdry activities would be so vindictively

the editorialist rightly calls the The Framers of the Constitution "majesty of the impeachment could very well envision the "taw-clause" would be cheapened and used dry" activities that went on behind as a threat in an attempt to unseat a closed doors, then as now. They were twice-elected president for fibbing

# When It Came to Monica, He Simply Lost Control

WASHINGTON — He couldn't stop thinking about the thong underwear. He couldn't believe Monica had pulled up her jacket to show it off. It so inflamed his imagination. At meetings, at briefings, at the most unlikely times, his mind suddenly reverted to the image of those straps, quickening his pulse, making him catch his breath.

But it was the cigar that undid him. He was driven by the thought of what had been done with it. Suddenly the

MEANWHILE

capital became a city of cigars. He saw them wherever he went. They ignited his desire. When he was alone or talking to other people, he took secret pleasure in letting smoke rings drift through his mind.

There were times when he worried that he might be a sex addict. He couldn't stop thinking of Monica: what she wore, when she wore it, where she wore it, or didn't wear it. Her little letters were so brazen, promising such wild pleasure. Everything she scribbled, every gift she gave, mesmerized him. And then there was the power of her voice over him. He knew that he was entering the dangerous

effective, perjury trap.
The humiliation that the president has

suffered, and the extreme embarrass-

ment that his wife and child have had to

endure, is more than enough punishment

for Mr. Clinton, whose acts showed bad

judgment and were morally wrong but

nevertheless arguably legal. We Amer-

icans, who have had to endure the con-

stant media exposure of this tawdry

adult affair and to try to explain to our

children have suffered enough as well.

The House Judiciary Committee should

conclude that the Starr investigation has

failed to find evidence of serious, im-

peachable offenses and put this scan-

Regarding "4-Hour Tape, Shown to

As a French citizen, I would like to

express my indignation at what is hap-

pening in America. It recalls the worst in

American culture: puritanism and

lynching. The Salem witchhunts come

to mind. Whatever President Clinton's

problems are with the law, nothing con-

cerning his private life should be ex-

The article states that "Mr. Clinton

displayed anger at times, exasperation

frequently and occasionally sarcasm.

posed to the public.

BRUCE JOFFE.

Oakland, California.

JEAN CHASSAING.

dalous, partisan charade to rest.

World, Details Affair," (Sept. 14):

By Maureen Dowd

was never enough. He was a busy man. A powerful man. A serious man. But there were times when all he could remember were the sizzling phone conversations. People warned him that he was endangering his legacy. Friends and strangers tried to pull him back from the brink of his

single-mindedness. But it was too late. He had become the helpless victim of his cravings for ecstasy. The big picture was lost. He hungered for the details, all the stirring and seamy particulars. Nothing was too small or insignificant for him to consider, to turn over and over in his unappeasable mind. He wanted to think about her eating

cherry chocolates. He imagined her wrapped up like Cleopatra in the Rockettes blanket or panting in that Black Dog T-shirt. He kept seeing her in that blue Gap dress. It was too tight, and he was glad. Again and again he was visited by images of a man's roving lips. He knew it was wrong. But he liked to dip into sin. He needed a release from

dock. Mr. Clinton has made his mistakes

certainly, but since August, at least, his

has consistently done him credit.

consensual sex with a charming woman

an unelected, obsessed inquisitor.

Since the House Judiciary Commit-

tee became involved, it has become

clear that the Republicans are accom-

plices in this travesty of justice. Mr.

Start has conducted an obsessive ven-

detta. The Republicans are guilty of opportunism and failure to fulfill their

digations to protect the United States

of America. The entire Start affair is an

embarrassing, disgusting smear of the

My readings of the French press and

the reactions of French politicians on this

ican culture falls short in its concept of

human dignity and the separation of pub-

lic and private life. In his public persona,

Mr. Clinton has carried himself with dig-

All forms of communication regard-

ing the majority opinion appear to fall on

deaf ears or dulled minds in Congress.

The world outside America is hurting in

a big way, and America is expected to

play a decisive role in solutions. Yet

American lawmakers chose to ignore

this and concentrate instead on piling

As the Republican Party heads for-

ward it seems almost desperately hope-

ful of a benumbed and bewildered

American electorate. Only such a con-

stituency could possibly sustain the Re-

wood around the presidential stake.

nity. The U.S. Congress has not.

MARIA E. CONALIS.

EARL EVLETH

KEY JONES.

Nea Erythrea, Greece.

presidency and the United States.

KATHERINE CLARK.

BRYAN BARD.

Heidelberg, Germany.

responsibilities of a very public man.

When he went to church on Sundays, territory of obsession. No matter how he wrestled with his conscience. He much he heard Monica talk about sex, it even wondered if he needed professional help. Sometimes he worried that he was abusing his power. He even fretted that the Constitution itself might be damaged by his obsession.

And sometimes it wasn't easy to behold all the human damage that he

There were times when all he could think of were the sizzling phone conversations.

already had caused: ruining a young woman's life, dragging all sorts of people through the muck, wounding reputations and bankrupting those who came near him. Would the presidency survive his lust? It didn't matter. Every time he heard those words inappropriate intimate contact, sex of any kind in any manner, shape or form,

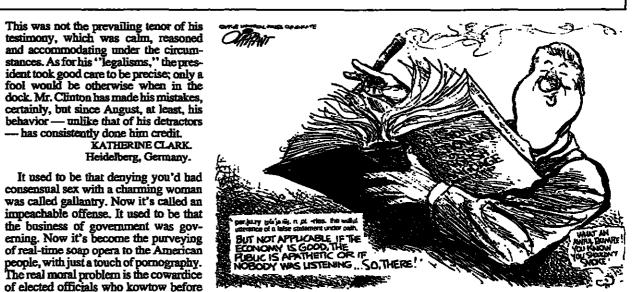
arousing or gratifying as defined in definition 1 — he felt a fire burn.

He had his own definition of sex. Still, he was drawn to the endless discussion of the existential meaning of sex - its forms, its uses. He was a lawyer, but this was not just tortured legalism. He liked to parse the hurid definition over and over again, gaining pleasure from repetition: "breasts, "genitalia," "inserted," "stain."

His acolytes and subordinates became agents of shamelessness. It seemed that everyone around him, everyone in the city, everyone in the country, was talking about what he wanted to hear. He was spending millions and millions of dollars to drag an entire nation down to his twisted level.

He knew how strong he was. He was the most powerful man in the land. He could reach into every recess of the government to satisfy himself. And the prospect of impeachment didn't frighten him. In fact, the more he fixated on the strap of that thong, the more certain he was that he could hang Bill Clinton with it. And, of all those naughty words he loved to hear, none filled him with more pleasure than "impeachment." After all, nobody could impeach him.

He was Ken Starr. The New York Times.



public mandate in the years to come. THOMAS D. SVATOS.

How many of those who cry shame on the president have had sexual affairs outside their marriages? The sheer hypocrisy of it all is shocking. The only thing that matters is whether he does his job well. And he does. Thanks to him at last there is a peace treaty in Ireland, to mention but one of his accomplishments. The entire rigmarole reeks terribly of the McCarthy period. Americans of intelligence and decency must help stop this witch hunt against Mr. Clinton

THEA DERKS. GER VAN DEN BEUKEN. Amsterdam.

The real issue is lying under oath. One does hope that Mr. Clinton's out-look on world affairs isn't as distorted as his views on his personal ones. SARAH BATA.

Lausanne, Switzerland.

Americans, Americans, what are you doing to yourselves? The world will have to shop around for a worthier role

BERTHOLD WYLER.

If one really wants to live in a society that punishes all peccadilloes, these days there is Afghanistan. BEN SOMMER.

Beersheba, Israel.

The other day I spent some considerable time explaining to my two boys, cyberspace addicts aged 12 and 14, what oral sex was and why and how a cigar could be used as a sexual prop. All because a certain Mr. Starr, in faraway America, decided to publish a salacious piece of pornography in violation of the privacy and dignity of the president of the United States of America.

In some countries in this part of the world, people like Mr. Starr get beheaded without much fuss. Legal action should be taken against him for disseminating filth on the Internet. KAMAL TAWFIQ NIMRL

Irbid, Jordan.

What the President did or did not do is in the final analysis of little concern; what history will note is the sudden absence of the civics and restraint that, until now, prevented political objectives and personal agendas from demeaning and disabling the institutions that allow democracy to survive. Gone is the common sense and discretion that, in a reasonable society, would intervene to check such an overplayed hand.

There is no purpose that can justify subjecting the government and its institutions to ridicule and humiliation. Mr. Clinton is human and humans err, but humans come and go. Institutions are supposed to be forever. One way to destroy them is to subject them to ridicule and this, is exactly what Mr. Starr has accomplished.

DANIEL APROBERTS.

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### **BOOKS**

EAST AND WEST China, Power and the Future

By Christopher Patten, 304 pages. \$25. Times Books.

Reviewed by Richard Bernstein

A S Hong Kong approached its return to Chinese control in 1997, the governor of the British colony, Christopher Patten, was treated with all the considerable viruperation of which the press in China is capable.

As he reminds us in "East and West," his wittily common-sensical reflection on his experience as Hong Kong's last British governor, he was called "the whore of the East," a "serpent," a "criminal who would be condemned for a thousand generations." China's official distaste for Patten led

his original publisher, HarperCollins, owned by Rupert Murdoch, who is intent on expanding his business in China, to cancel publication. Patten does not speak directly of this, although the fact is being used to promote the book. Still, he might have had Murdoch in mind in a pertinent passage on the ancient Chinese custom of kowtowing.

"I remain skeptical of the proposition that all boards of directors are ethicsfree zones," Patten remarks. "It is just that a few captains of industry work hard to give that impression."

Patten gets in other licks in this book, which is a spirited defense of his policies and a lucid analysis of some of the larger issues that confront the West in its dealings with Asia. The most important of these broader issues is Patten's eloquent and good-humored repudiation of the idea that there are uniquely Asian values that make Western human-rights criticism of Asian dictatorships inappropriate and culturally biased.

But he also covers such other topics as how to deal with the rising strength of China (actually, he doesn't think China is going to be all that powerful) and what been learned about the role of gov-

ernment and the management of econ- he makes no effort to spare Chinese omies from the experience of Hong Kong and Asia.

Patten seems passionate and sensible, the master of British understatement but also of the British skill at fighting back with stinging words. He tends to be repetitive and to meander, so it is not always easy to tell exactly what theme means to be holding before us. But "East and West" is nonetheless a

fresh, unblinkered and in places iconoclastic look at Hong Kong, China and the West that challenges some of the received wisdom on these subjects and marches with spirit and independence toward its conclusions.

Patten's first chapters, about the final years of British rule in Hong Kong, are the most concrete and interesting, especially the detailing of his quarrels with China during his effort to establish an elected legislature before the British lease expired. Critics of that effort argued that it was unnecessarily provocative for Britain to try to install a democracy in Hong Kong after failing to do so for 150 years.

Patten offers two rejoinders. He concedes that Britain failed to make provisions for a legislature earlier, and he makes no excuses. But precisely becanse Hong Kong was being turned over to an authoritarian government, he says, it became a British responsibility to insure that it had the tools and institutions to defend its way of life.

'So the claims about democracy were not some trivial sideshow—cakes for the public, ale for the press," Pattern writes. "They appeared central to the government's understanding of its own purposes and to its claims about its good

The other reason for pressing ahead with direct elections for a legislative body, in Patten's interpretation, is that it was an important part of the Joint Declaration by which China and Britain had agreed to Hong Kong's reversion. This is not China's version of matters, but "East and West" is Patten's book and

feelings in what he describes as China's Kafkaesque effort to undermine the spirit of that agreement, all the while accusing the British of betrayal.

'One after another, Chinese officials over the table or from the depths of their white antimacassared chairs would accuse me of having broken the Joint Declaration and the Basic Law,' Patten writes. " 'How have I done so?' I would respond. 'Show me where.' 'You know you have done so,' they would reply. 'You must have done so, or else we wouldn't have said it.' 'But where?' 'It is not for us to say; you must know

that you have erred.' Patten is venting, but not just against the rulers in Beijing. Among his favorite other targets are businessmen and diplomats who consider democracy culturally inappropriate, possibly even harmful to Asian countries. Patten's position is that the same ingredients that created prosperity in the West also work

Patten, a former Conservative member of Parliament, describes what sounds like a conservative platform as he identifies these ingredients: frugal government, low taxes, high savings and investment, good education, the rule of law and a self-sufficient, hard-work-

ing population. On the supposed role of Asian values, Patten notes that many of that concept's most ardent supporters, who also criticize the West for its high crime rates and social disintegration, buy homes "on America's and Europe's violent streets" or send their children to "the West's drug-infested, wildly liberal

schools and universities." Patten makes an eloquent case for universal values, and for the importance of human rights, even quoting that ex-emplar of Asian values, Confucius, in support of his position. The arguments are not quite original, but Patten gives them forceful and personal expression in this heartfelt and clear-sighted book. New York Times Service

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### BRIDGE

THERE would have been great rejoicing in Lille, France, if Sidney Lazard of New Orleans had captured the Vivendi Rosenblum world title. He has been a shining star and popular character in American bridge for nearly half a cen- \$97 tury, and he came very close to winning: his team lost in the semifinal to the eventual winner, Italy, by

By Alan Truscott

just 3 imps. On the diagramed deal from the final session, in which Lazard and his partner, Bart Bramley, played excel- 2 + lently, Lazard brought home a

two spades as shown, and NORTH(D) **▲ K** 9 8 Ø J 18 9 4 AAK 10 65

**♦** Q 10 2 0752 OAQ7 **♣QJ82** SOUTH ▲ 3753 VKQ oK19654

P855

delicate part-score. He played received a club lead. He won in dummy with the king and led the heart jack to the king and acc.

dummy's ace, and the replay. singleton diamond was led. East took the ace and led the club queen, ruffed by South with the seven. West refused to overruff, throwing a heart, and South cashed the diamond king and ruffed a diamond. He then led to the heart queen and ruffed a diamond with the spade king, leaving the ending shown at right.

The heart 10 was led from

the spade queen. He led the spade 10, which was covered

with the jack and ace. This

Lazard scored his five at the finish to make his contract. He gained 3 imps, since the Another club was led to deal was passed out in the NORTH

V 10 9

eliminated dummy's nine but

WEST EAST ♦ Q 10 2 ♡ — **♠** A 6 4 SOUTH dummy, and East ruffed with **♣** 353 **♦ 10** 

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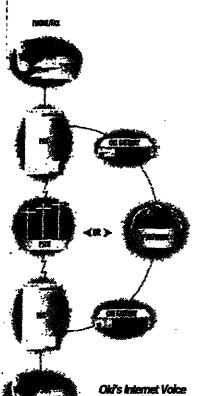
# CALLING THE WORLD: GLOBAL VILLAGE FINDS ITS VOICE

Flexibility, ease of use and around-the-globe communications for the price of a local call.

the Internet was little more than an experimental game. Voice quality was poor, and slow transmis-

sion made conversations tedious. ', Today, however, global business's growing need for top-quality telecomnunications at lower cost is spurring major suppliers around the world to bling innovative telephony/Internet

gateway solutions to the marketplace. A report entitled "Market Opportunities in Internet Protocol Telephony: A White Paper, Second Quarter 1998," issued by Killen & Associates, a California-based market research and consulting firm, says: "The growth of the internet creates new opportunities for Internet service providers [ISPs] and vendors of voice/data networking solutions. It also creates opportunities for enterprises." The report continues: "The sence of the market opportunity is to



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TALE TALE

ntil recently, telephoning via enable these enterprises to use the Internet and/or their intranet instead of the public switched telephone network [PSTN] to significantly reduce their long distance telecommunications service costs." As a result, both phone-to-phone and fax-to-fax communications through the Internet and corporate intranets are now feasible business options.

> Higher quality, lower cost On the cutting edge of this technology is the Oki BS1200 Internet Voice Gateway (IVG), launched in March 1998 in the United States by the leading Japanese firm Oki Electric Industry Co. Ltd.

Set to be launched in Europe in October 1998, the IVG system delivers a compact, one-box "plug and play" solution for transmitting IP-packetized voice and facsimile data over TCP/IP networks. The device connects existing PBX-based analog phone lines and digital data networks, with no separate server required. It weighs only 7 kilograms and measures a mere 434 (w) x 350 (d) x 64 (h) millimeters. The European list price is equivalent to \$7,400.

Oki's BS1200 Internet Voice Gateway offers better sound quality than cellular phones, costs less than other systems and is particularly easy to set up. In the United States, it was named Editor's Choice by two key industry magazines - Computer Telephony Integration and Internet Telephony -

in which IP network infrastructure is available," he says. "Savings on communications costs can be particularly significant for heavy long distance call and international call users." He adds, "Organizations that wish to develop LAN/WAN networks [local area networks and wide area networks] for intranet applications can also benefit

The BS1200 delivers around-theglobe telecommunications for the price of a local call. Often, savings on phone bills are so substantial that the initial investment is repaid over the first few months of operation.

Boosting capacity, adding value By adopting an IVG system, business can simultaneously talk, fax and receive information from anywhere in the world at drastically reduced cost. Further, the IVG maximizes transmission capacity by using one "pipe" for voice, fax and data. It thus eliminates the cost and inconvenience of maintaining separate infrastructures for each.

In addition, a gateway may enable a business to enhance the value of its LANs and WANs by carrying more traffic and/or more types of traffic over existing links. This feature is particularly significant in the case of WANs that employ dedicated lines. Characteristically, some lines become overloaded during peak periods while other channels remain underutilized.

Internet telephony procedures improve this situation dramatically, be-

munications are converted into data, they consume much less bandwidth, allowing more types of communications to be sent at the same time. This generates additional cost savings, and in some instances may allow companies to eliminate some of their existing lines altogether. One possible drawback with such systems is that, since the messages are sent in packetized form, a certain amount of delay may occur before voice transmissions are received. The length of this delay depends mainly on the number of routers through which the voice passes. Oki calculates that under normal conversion circumstances, there should be no real problem with speech reception through international Internet connections, provided that fewer than a dozen "hops" are involved.

The state-of-the-art BS1200 incorporates open architecture design. This means that corporate users have continual access to leading-edge technology. Upgrading is easy, which maximizes the benefits of future technology and product advancements. System configurations can be expanded to fit the size and scope of the company's operation, and new sites can be added to the network at any time.

A worldwide market

and Asia Pacific will account, respec-The International Data Corporation counts 97 million Internet users worldwide, which makes the potential demand for IP telephone equipment and services enormous. Corporate users,

One-box design and open architecture make the BS1200 user-triendly and upgradable. Internet service providers and telecoms carriers are all potential targets. According to recent projections made by U.S.-based consultants Frost & Sullivan, the value of the world market for voice over IP gateway telephony is set to expand from \$47.3 million in 1997 to nearly \$3.2 billion in 2002. By that second date, North America, Europe

percent, respectively, at end 1998. Killen & Associates estimates that by 2001, 35 percent of telephone calls around the world will be carried on packet networks. In addition, the number of Internet telephony users is projected to rise from 500,000 in mid-1998 to 16 million by 1999.

percent of overall revenues, compared

with 62 percent, 21 percent and 12

Enterprises have developed a new global emphasis on improving service to customers while also achieving better workforce productivity. In support of these goals, workers can use IP telephony for new applications which increase information delivery, enhance current communications charmels and develop new market opportunities," says Killen & Associates.

Innovation and customer choice At the same time, buyers and users can look forward to an eyer-widening range

of top-quality choices in a rapidly growing and highly competitive market. In addition to Oki, international firms that provide voice/data solutions - such as Cisco Systems, Lucent Technologies and MICOM of NorTel
—are already battling for market share and profits, and introducing product improvements.

Oki is staying ahead of the game through its strong commitment to retively, for 49 percent, 29 percent and 16 search and development and the search for innovative technology solutions.

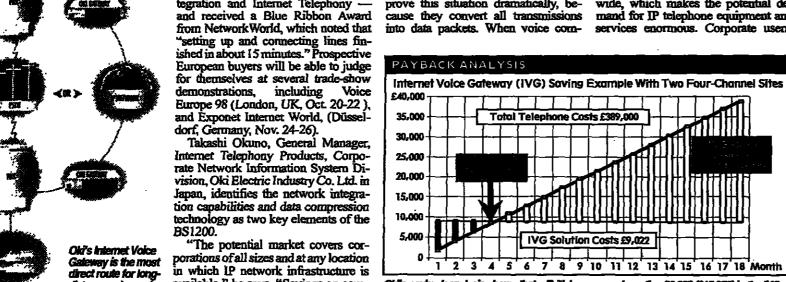
Says Mr. Okuno, "We are currently taking an active role in developing new

industry standards for future products and further improvement of QoS [Quality of Service] over the network." Future applications for Internet telephony stretch far beyond simple voice

and fax, and encompass unified messaging, interactive voice response (IVR), videoconferencing and multimedia collaboration, and call center integration.

"Oki's Internet Voice Gateway" was produced in its entirety by the Advertising Department of the International Herald Tribune. WRITER: Michael Rowe in Paris. PROGRAM DIRECTOR Bill Mahder.

STAND No.245



Old's payback analysis shows that a British company investing £3,022 (\$15,076) in the IVG solution breaks even in 4 months and saves £360,000 in long-distance costs after 18 months

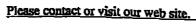
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# **CribTech**

# Internet Communications on the Wings of Angels

By Mike Mills Vashington Post Service

AFONORIDED

WASHINGTON - There is a new airline in the making that would offer three flights daily, non-

But these would be planes to nowhere: Each would reach a stra-Ospheric altitude of 51,000 feet ,450 meters), circle around for light hours, then land as another took off to replace it. The pilot and co-pilot would be the only ones aboard. And instead of pretzels, this airline would serve high-speed Internet access to paying customers in major urban areas.

It is the creation of Angel Technologies Corp., a St. Louis comany that plans to use planes with 2,000 pounds of communications gear as payload and a large antenna strapped to the fuselage. The Angel HALO (high-altitude, long-operation) planes would run tag-team missions above selected cities, serving as many as 50,000 subscribers in coverage circles of 50 to

75 miles in diameter. Anyone in those circles who was equipped with a small dome-shaped

North America

Technology Standard & Poor's

Morgan Stanley

Topix Electric

Sector, Sept. 18

Buyback, Sept. 19-20

e-mail to tribtech@iht.com.

Sept. 18

Pacific Stock Exchange

Technology Composite

Source: Morgan Stanley, Bloomberg News

German and French Telecoms Get Closer,

Alcatel Weighs 'Significant' Share

co carp at obs

Company Plans Nonstop Air Link Over Cities

receiving antenna would be able to total cost of \$760 million. Thirty send and receive full-motion video, cities would be served, the first besend and receive full-motion video, Internet material and phone calls.

Angel is the brainchild of Marc Arnold, Peter Diamendis and David Wine, three aerospace and communications entrepreneurs who cooked up the idea during a weekend retreat at Mr. Wine's home in the Colorado footbills.

"We were looking at a cover of Popular Science, which showed the Pathfinder aircraft setting altitude records, and said, 'Wouldn't it be great if you could use something like that to send a communications system 10 miles above a city?" Mr. Diamandis said.

To design and build the plane, the trio tapped the aircraft designer Burt Rutan, part of the family team that built and flew the Voyager aircraft that in 1986 circled the world in nine days without refueling.

Wyman-Gordon Co., the parent company of Mr. Rutan's design firm, Scaled Composites, plans to announce a deal to build HALO planes, perhaps as many as 100, at a

TECHNOLOGY INDEX

A glance at technology stock indexes around the world

874.41

494.77

1431.71

For technology articles from the past week, see the Technology Index on

Alcatel Profit Warning Hammers Entire
 Philips and EMI Set Stage for Gloomy Reports,

the IHT's World Wide Web site at http://www.iht.com. Articles include:

ing Los Angeles. When the service might begin is unclear; the com-pany is still raising money.

Angel's plan is not exactly a conventional way to build a communications system. That gives rise to the venture's biggest obstacle: persuading the telecom industry, particularly service providers who would lease antenna capacity, to believe in Angel.

Angel's founders would like their idea to be taken as seriously as other wireless Internet projects that are more expensive and better known. Among them is Teledesic, a venture backed by the cellular pi-oneer Craig McCaw and the Microsoft Corp. chairman, Bill Gates, that would ring the world with hundreds of low-orbiting satellites. Two land-based ventures, Teligent and WinStar, are building networks of transmission towers to carry In-

ternet signals.

% change year to date

11.56

24.93

28.44

-12.92

But industry analysts tend to compare Angel with Sky Station International, former Secretary of State Alexander Haig's lofty proj-

football field-sized balloons that would hover in the stratosphere. "I have significant concerns

about a telecommunications infrastructure that has to fly and be refueled," said Daniel Ernst, a senior analyst at Strategis Group, a Washington research firm. "To use planes for someone's core communications needs sounds like a risky venture. They may have a tough time convincing customers that it's a service they can absolutely rely

Angel's chief technology officer, Nicholas Colella, responds that HALO planes are more reliable than satellites and have much better coverage than land-based wireless

FedEx, he points out, has proved that aircraft are trustworthy carriers of timely data. Angel's planes would fly far above commercial air space and bad weather and could land at either small or large air-

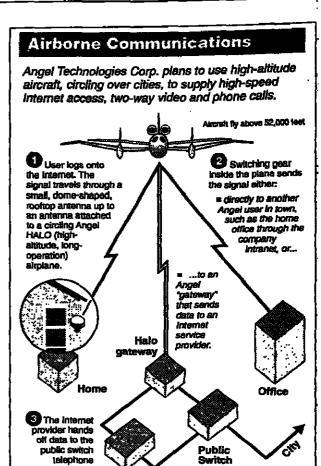
And unlike satellite systems, the communications payload on Angel's planes could be upgraded as new technology became available. There also is no danger of an expensive launch failure such as the one two weeks ago, in which a would-be wireless satellite phone provider, Globalstar, lost 12 satellites when a Ukrainian rocket blew

And instead of spending billions of dollars up front to create the instant infrastructure of a global satellite constellation, Angel could deploy its system as markets ma-terialized.

Service for 50,000 customers in a large city would cost about \$75 million to put in place, Mr. Diamandis estimates. It is hard to say precisely how that figure stacks up against a land-based system. But Angel's proponents say that the service would be better - it would give ubiquitous coverage without the problems of buildings getting in the way of signals and without the weather interference that can trouble land-based wireless systems.

But Angel's guardians do not

want to be dismissive of the landbased services — they need them as customers. Because Angel does not own the rights to any airwaves (the company decided to stay out of recent auctions for high-frequency licenses), it would have to form alliances with ground-based services or satellite operators who own the



# Computer Chiefs Give Europe's Efforts Mixed Reviews

By Victoria Shannon ernational Herold Tribune

PARIS - In a coincidence of timing. the big guns of some of the world's leading computer companies all came to Paris to deliver their messages in person to the European technology community this month.

But while these prominent personalities agreed in many broad areas - on the importance of education, on the power of the Internet and on the need for more raw computing power - their public comments diverged in ways that could leave technologists confused about Europe's place in the networked

 Sony and Schwab Discuss Bringing On-Line Bill Gates, appearing at the annual IDC European Technology Conference, Tracing to Japan, Sept. 23 seemed to say that Europe was catching up to the U.S. technology tsunami, that To reach TribTech editors or to comment on IHT technology coverage, send the European environment for Microsoft Corp.'s business had improved and that executives here recognized the need for technology investment.

But Craig Barrett, chief executive of Intel Corp., at a seminar Monday for information technology executives bemoaned Europe's reliance on government regulation, its tax barriers and its high cost of electronic communica-

Steve Jobs, at the annual Apple Expo here last week, brought Europe his newest products and technology, his gratitude for its continued support of Apple Computer Inc. and his charismatic promise not to pull back in the near

Perhaps these leading luminaries of the computer scene came off in such different ways because, simply, there still is not a single Europe to talk to: Just as they are culturally and linguistically, European countries are technologically

independent and dissimilar. For instance, to Apple, France represents its biggest and healthiest European market. It is the place that Mr. Jobs said — to a crowd that welcomed him with a standing ovation -- "always

understood what Apple was trying to do. that understood that computers were for more than just getting the job done, that they were for getting the job done better." It was a sympathetic and warm

network to complete its

Internet

But to Intel, France represents the only country in Europe where it cannot conduct business-to-business sales on the

Apple sings praises, but Intel remains frustrated.

Internet, because of restrictions that the government says are for national-secu-rity reasons. "We have basically introduced that program everywhere around the world - with one exception," Mr. Barrett said in an interview this week.

Even to simply demonstrate new technology capabilities at its seminar Monday, Intel had to apply to the security office of the French government for a special exemption from the soft-

ware law, good for 48 hours. "To stand up and try to isolate a country or a geographic region from this [technology wave] and deny the fact that it's going to happen I don't think is particularly wise," Mr. Barrett said.

If Mr. Gates, Mr. Barrett and Mr. Jobs had one common word in their mixed messages, for Europe as well as the rest of the world, it was "simplicity."

A new Apple advertisement about the three steps needed to connect to the Internet emphasizes that the iMac computer is so simple that there are really only two steps.

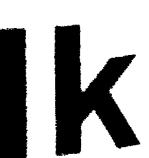
"We think simplicity's really impor-tant, and we think we have a dramatic advantage over our competition," Mr. Jobs said.

A lack of simplicity, Mr. Barrett said, "is an industry problem."

At Microsoft, "simplicity is probably our top priority today," Mr. Gates told his Paris andience.

Victoria Shannon edits TribTech. She can be e-mailed at tribtech@iht.com.



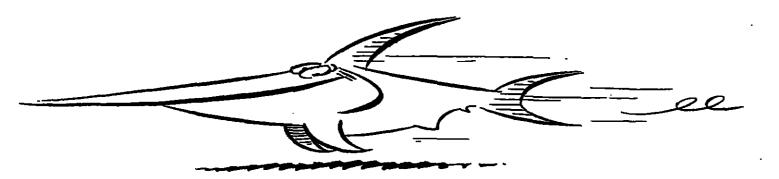












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MORE THAN A CONNECTION

With the Internet, Surfers Say, Anybody Can Find Perfect Wave

> By Rene Sanchez Vashington Post Service

ALIBU, California - There was a time when the surfing tribes who lived or roamed along the Pacific Coast Highway to catch some waves could keep cherished patches of water mostly to themselves.

But more than ever, young hard-core surfers are being forced to share waves with a new breed of interlopers, including many middle-aged profession-als who are using the Internet and other sophisticated technology to get instant tips on where to find the best breaks or once-secret swells.

This surge of information is creating a surfing showdown along the coast, and at times it is an ugly sight.

In some places throughout Southern California, locals have resorted to spray-painting the lenses of cameras that entrepreneurs are placing atop beach houses, hotels and cliffs to relay up-to-the-minute footage of the ocean to the Internet for surfers looking for the next perfect wave. At other sites, outsiders have had tires slashed and have been threatened, punched or pelted with rocks — harassment known in surfing circles as "localism."

What was once the ultimate expression of California cool, it seems, is becoming another victim of California gridlock.

"It's getting way super-crowded out there," Adam Virs, 19, said on a recent morning during a break in a surfing contest in this beach community just north of Los Angeles.

"You got the Web exploding with all these new sites telling everyone where to go every day, and suddenly you got all these old guys saying, 'Hey, I can still do it.' It's an-

În some respects, the acrimony in the water is not entirely Graying surfers and historians of the sport say that as far back as the late when filmmakers began glorifying California's surf-

ing culture, locals complained that their secret spots were being exposed. But the speed and scope of the technology available today make those old complaints look quaint

Along with the cameras, which surf shops and on-line companies post along the beach to promote waves on dozens of Internet sites, are an array of new phone services that high-tech surfers can dial for daily, or even hourly, scouting reports. "Those sites are getting thousands and thousands of hits a month," said

Steve Hawk, editor of Surfer magazine. 'It's eliminating the advantage that surfers who live near the beach always used to have.

To the dismay of surfing purists, companies also have begun tracking wave patterns from as far away as New Zealand and pinpointing the time and place they will reach California shores. Surfers can even buy pagers that can be ser to beep when waves reach the



Surfers catching a wave at Huntington Beach, California. The ocean is being crowded out by outsiders or former surfers using the Internet to discover the best breaks or once-secret swells.

> height they specify in the locations they select and program.
>
> Surfers call it "hyping a swell" —
> and they are divided on whether it is a

ssing or a curse. THE trends in technology, along with the fact that surfboards have never been lighter or sturdier, are

luring droves of the middle-aged back to a pastime they abandoned in their youth or regretted not trying years ago — and setting off a boom in the business.

In some surf spots, it is not unusual to see professionals paddling into the water carrying trappings of their jobs — pagers or cellular phones in waterproof cases.

"I've seen guys on the phone out there while they're waiting for the next

wave," said Pierce Flynn, 44, executive

director of the Surfrider's Foundation, a

aprofit beach-preservation group.

SITES

Daily updated video clips and detailed surf reports with links to surf cam locations can be found at:

www.surfcheck.com The Real Surfing site offers many links, surf reports, weather and other surfing information for locations around the world at:

www.real-surfing.com
The Malibu Surfing Association's Web site dedicated to preserving and promoting the classic art of longboard surfing can be found at:

### **ALT** /Commentary

# Remember Typewriters? They Have Their Pluses

By Clyde Haberman New York Times Service

TEW YORK - You have probably already read, and you can expect to read a lot more in the coming months, about something called Y2K, which is shorthand for the programming bug that will prevent zillions of computers from recognizing the year 2000 when it comes around because they were weaned on a two-digit system for dates. This year, for instance, is rendered

dates. This year, for instance, is reduced simply as 98, with the 19 assumed.

Expectations are that many machines will go cross-eyed with the approaching double-ought rollover, believing that we are back in 1900 and not in 2000.

Terrible consequences have been predicted. But even if you are among those who suspect the world will somehow muddle through, you have to sneer at a technology that lacks the sense God gave a desk calendar.

Martin Tytell had to laugh. Y2K? To tell you the truth," he said the other

day, "it doesn't bother me at all."

Of course it doesn't. Computers are meaningless to Mr. Tytell, who at 85 is one of the few remaining typewriter repairmen in New York City.

Mr. Tytell has been building and repairing typewriters for 70 years, the last 30 in a crowded shop up a flight of stairs from Fulton Street in lower Manhattan. In his bow tie and white lab coat, a per planted in the breast pocket, he is master of a realm of cogs and key caps, of rollers and ribbons, all competing for space with hundreds of typewriters in English, German, Russian, Greek, Hebrew, Arabic, Farsi, you name it.

Every few years, someone with a pen and notepad climbs the stairs to see how this throwback to the pre-computer age is getting along. The visitor is always rewarded with grand tales of how Mr. Tytell and his wife, Pearl, verified documents by the typewriters that were used, how during World War II they built machines in 145 languages for the U.S. Army, how an upside-down letter Burmese inadvertently installed by Mr. Tytell became the accepted standard for all Burmese typewriters.

The purpose of the journey this time ras to see whether computers had finally dealt typewriters a fatal blow. Forately, the answer was no.

Young people, women in particular for some reason, have shown new in-

terest in the old machines, Mr. Tytell said. "Some gal graduated from Barnard, and her family decided to make her a present of the typewriter that her grandma used, with champagne and everything." he said. "Something's going

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As he talked, a young man from Brooklyn carried in a slightly battered. Mercedes Selecta, an antique manual, typewriter that he had bought at a-yard sale as a gift for his girlfriend, an as-piring author. "She wants to write with,



same tools Hemingway wrote, with," the Brooklyn man explained. Mr. Tytell says that typewriters have soul, unlike you know what.

Is there any question which kind of machine is healthier for you? In the typewriter's heyday, you never heard about, repetitive stress injury, or about eyestrain, from staring at blinking images.

Typewriters also fostered mental health. Think of all the computer wendos,

you read about these days, like the cybercultists who committed mass suicide last year. You never had anything like that with the Smith-Corona crowd.

As for durability, "You show me the

computer that's going to last 15 years," Mr. Tytell said. "But with these" — his hand swept

across a row of old Olympias — "you wipe them off, and they're good for another 20 years." And he expects to be around to nurse

them, if not for decades then certainly beyond the irrelevant Y2K.

### BRIEFLY

GOTCHA ON THE SPELL-CHECKER: The Internet has been buzzing with all sorts of pranks and trivia related to President Bill Clinton's troubles. But an e-mail tip widely cir-culated last week made the programmers of Microsoft Word, the word-processing software, seem predictive.

The tip was this: Type the sentence "I'd like to see Bill Clinton resign" in a Word document, highlight it, and then run it through the program's thesaurus. The waggish thesaurus retorts with the phrase "I'll drink to that."

Did political oracles help compile Word? No. As it turns out, the Word thesaurus issues the same response with

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the phrases "I'd like to see Bill Gates go broke" and "I'd like to see my stocks go up" - and any other phrase beginning with simply "I'd ...

Planting hidden pranks in software is a time-honored programmers' tradition, of course. But "I'll drink to that" was not the result of programmer mischief. Rather, explained John Duncan, a Microsoft product manager, the natural-language thesaurus in Word offers phrases, listed alphabetically, that it considers to be possible alternatives for

THE NEXT BIG THING? Mixing technical and political evangelism, the

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annual Telecosm conference, sponsored by George Gilder and his libertarian friends from Forbes magazine, is one of the highest-powered gatherings of technology experts that is held in the United

But at this year's conference, held last week at Lake Tahoe, California, the most provocative moment came when Paul Jacobs, a top executive for Qualcomm Inc., conducted a private latenight demonstration of his company's latest creation: a digital wireless phone fully integrated with a Palm Pilot hand-

the pdQ, will not be widely available trading over the Internet. (NIT)

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until next year. But if it lives up to Mr. Jacobs's demonstration, it could become the most popular item among the techno-elite since the Palm Pilot itself. The potential importance of the pdQ

es beyond novelty, however. Digital experts these days are betting that the ultimate challenge to Microsoft's desktop dominance will not come at the desktop but from mobile devices that blur the line between computing and communications. The pdQ could be the first to fulfill that vision.

The potential applications range from e-mail messages that will automatically The new Qualcomm product, called dial a phone number to wireless stock

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# re Their Plus Brazil's Leader **Shifts Aid Stand**

Cardoso Now Open to IMF Help

BRASILIA — President Fernando

Henrique Cardoso said Wednesday that he would support international aid to shore up the country's battered finances, reversing previous reluctance on this.
With \$120 billion in government debt

due before the end of the year, Brazil needs to instill confidence among investors, who have been wary of buying government securities because of rising interest rates and the threat of a de-

Mr. Cardoso's comments - in the midst of his re-election campaign bolstered optimism that Latin America may avoid the devaluations and reces-

sions plaguing Asia.

Brazil's benchmark stock index jumped 10.98 percent.

'I am convinced that the G-7 countries and the international institutions should make sufficient resources available to international institutions to create a crisis prevention fund to be used in case of necessity by the Latin American countries," Mr. Cardoso said in a

His request for aid — a condition set by lenders such as the International Monetary Fund and the Inter-American Development Bank — are the latest move in a campaign to stem capital flight that has drained more than \$15 billion this month.

Benchmark interest rates have been pushed to 49.75 percent as the government's foreign reserves shrank to below \$50 billion from \$75 billion in

J.P Morgan & Co. forecast the economy would tip into recession next year, shrinking up to 2 percent because of

American Development bank approved Wednesday a \$1.1 billion loan for Brazil, the largest in the history of the orofficial

"If it is in the country's terests to carve out a deal with these institutions, Mr. Cardoso, referring to the IMF

and the Inter-American Development Bank. Brazilian media reports say that the country's creditors could make a possible credit line of \$50 billion available to the country. Finance Minister Pedro Malan has said in an interview that a \$26

billion package is in the works. Mr. Cardoso, who has already slashed government spending to insu-late Brazil from the emerging markets crisis, announced that he would implement a plan to cut the budget deficit by cutting spending further and "if necessary, increasing taxes."

The program to reduce the deficit would be implemented in the coming weeks, "regardless of who is elected president" in the forthcoming elections, he said. The first round is Oct. 4.

"I am determined to make the sacrifices necessary to get the economy



Brazilians passing a poster on Wednesday, put up by a labor union, showing Mr. Cardoso with a machine gun, astride health service workers, civil servants, the landless and retired.

growing again," Mr. Cardoso said, re-ferring to the woes that Brazil has suffered as part of the global financial

He said the fiscal adjustment package, which will be presented in November and will span 1999 to 2001, would begin to show results in 1999.

"Tackling tax evasion and increasing the number of people paying taxes," he said, would be a key plank of the package to cut the budget deficit, which at \$58 billion now equals more than 7 percent of nation's \$800 billion gross domestic product.

But in a live television address, Mr. Cardoso warned: "The state must live within its means and stick to its spending limits in order to solve this problem once and for all.

"The state cannot convert itself into a

# IMF Admits Making **Errors in Asia Crises**

But Camdessus Says Worst Is Over for Some

Agence France-Presse
FRANKFURT — The International

Monetary Fund has made errors in pre-dicting and preventing the financial crises rocking southeast Asia and Russia, the IMP's managing director, Michel Camdessus, said.

In an interview with the German weekly Die Zeit to be published Thursday, he said that the IMF had not been properly informed about short-term capital movements and should have done more to monitor the financial sectors.

"Yes, we have made mistakes." he admitted. "For instance, we did not take notice of information on short-term capital transactions soon enough. But either the authorities in the crisis countries did not have the data then or they did not want to release them because they were so worrying."
Separately, Mr. Camdessus said in

Paris that Japan was set for recovery in the second half of next year. He said that for several Asian countries, at least, the worst has passed."

In Japan, the motor for Asia's economy, "the second half of next year should be the year of recovery" following a "catastrophic" year during which the economy was likely to contract by 2.5 percent or more, he said.

Other Asian countries would begin to recover in 2000 or 2001, Mr. Camdessus said, adding that "growth would already have begun to recover if we had not had a crisis at the heart of the crisis. which is the Japanese crisis.

early, inducing many people to leave jobs before the age of 50 and accu-Mr. Camdessus told Die Zeit he was emment pay some \$7 billion this year 'very concerned' about the situation in Malaysia, saying state controls were no substitute for sound economic policy.



Mr. Camdessus forecasts recovery.

Prime Minister Mahathir bin Mohamad has announced sweeping currency controls to insulate the battered economy including a fixed exchange rate and plans to abandon the convertibility of

the ringgit starting next Thursday. The IMF warned Malaysia this month that its controls on capital flows must be only a short-term measure, reminding it

not to back away from financial reform. "The measures will isolate the country from the rest of the world in the long rm," Mr. Camdessus said.

But he pointed to success in parts of Southeast Asia, saying IMF aid programs were beginning to show fruit after successive crises in Thailand, Indonesia and South Korea. Trade figures have improved in these countries, he said, inflation is under control, and interest rates have gone down.

Mr. Camdessus said he was in Asia when it became horrifyingly clear that .. the problems in Russia were very similar, it was struggling under macro-economic imbalances, a sick banking system and cronyism."

Russia's new cabinet is due to unveil " its prescription for the country's chronic u economic malaise Thursday.

But Anatoli Chubais, Russia's former envoy to the IMF, said in an interviewpublished Wednesday that only IMF money could save Russia from a "catastrophe" and added that the government would have to put together a conconfidence — and loans.

Mr. Camdessus said in Paris that he\_ would want Prime Minister Yevgeni, Primakov of Russia to save the ruble and the country's budget and restructure do-mestic debt in a "civilized" way for creditors before the IMF would resume its loan programs.

### Oil Firms' Chiefs To 'Brainstorm' **Amid Hard Times**

Committed by Our Staff From Dispatche

LONDON - Heads of some of the world's biggest oil companies will meet in Italy at the end of next week with their industry facing depressedprices and an uncertain future.

The meeting Oct. 3 and 4 in Venice will gather top executives from about 20 oil companies to iscuss restructuring, al changes and geopolitical issues including the Asian crisis and developments in the Middle East and the former Soviet Union.

CONSUMER ONL

Nader Sultan, deputy chairman of Kuwait Petroleum Corp., said the meeting was one of three or four normally held each year among the heads of the world's major oil companies. These are "brainstorming meetings on whatever is topical at the time they meet," he said, adding that he had "no great expectations" for the meeting.

Petroleum Finance Co., the consulting firm that will be the host for the meeting, said it would "provide a discreet forum at the highest commercial level, as opposed to political level."

Oil prices, which are near a 10year low and down about 22 percent from a year ago, will not be discussed, because the meeting was convened before the latest price collapse, said Mohammed Abduljabbar, a senior advisor at Petroleum Finance.

While some say the meeting will be a way for companies to reinforce relationships and seek opportunities to work together, others place less importance on it because it is not an emergency meeting.

"It's not unusual to hold industry meetings of this sort," said Stefan Rating, a spokesman for the European competition commissioner, Karel van Miert. "Obviously we'll look at whatever topics they're planning to discuss, but we don't prima facie think it'll be anything controversial."

(Bloomberg, AFP)

### ECONOMIC SCENE

# Euroland Asking Questions About Italy and Ireland

By Alan Friedman

ROME - Much has been said in recent days about the need for European and French rates, by the time the euro is launched in January by 11 countries. nt in some — Italy a particular --- stubborn national interests have yet to give way to the harmonious and cooperative spirit that is supposed to characterize Euroland.

The European rate debate gained prominence last week, when Hans Tietmeyer, the Bundesbank's still-influential president, first rejected a suggestion from President Bill Clinton of globally coordinated rate cuts as a solution to the emerging markets crisis. Then he reminded the high-rate countries in Euroland that they should be bringing rates down to achieve a single rate for all members of the euro, as required, by year-end.

Bringing down rates in these countries should also spur growth in an area that accounts for about a third of the gross domestic product of Euroland. Yet, this week the head of the Euro-

pean Central Bank, Wim Duisenberg, said he feared that instead of there being a gradual converging of interest rates in the 100 days before the launch of Europe's single currency, there could be "a steep fall in a single day."

Neither Mr. Tietmeyer nor Mr. Duisenberg named names, but economists immediately understood that they were talking about some of the five countries Finland, Ireland, Italy, Portugal and Spain - that still have rates higher than 3.3 percent.

Finland, where the rate is 3.4 percent, is not a problem. Likewise, Spain and Portngal, with rates of 4.25 percent and 4.5 percent, are perceived as euro-team players that are likely to move ahead with a glide path of downward rate moves between now and Christmas.

It is true that Spain's growth rate is much higher than the likely Euroland average for 1998, which should be about 2.8 percent. Spain reported Wednesday

that its economy was running at a 3.9 convergence and almost sounds like an percent annualized pace in the second quarter. (Page 15)

And since low interest rates are already boosting consumer spending interest rates to converge, presumably at and investment in Spain, there is a around the 3.3 percent level of German chance that bringing rates down to 3.3 chance that bringing rates down to 3.3 percent could cause some overheating. But for Spain this is a marginal problem, lower rates should be balanced against the backdrop of much slower global growth in general.

Italy and Ireland, by contrast, are two Euroland members with differing yet substantial domestic problems that have kept interest rates dramatically high. Italy's central bank rate is 5 percent, while Ireland's is 6.19 percent.

In Italy, despite a steady stream of calls for lower interest rates from politicians, union leaders, industrialists and economists, and despite overwhelming evidence that 1998 growth is running at an anemic 1.7 or 1.8 percent, the central bank governor, Antonio Fazio, has refused to budge since April.

Many economists believe that irrespective of the need to bring Italy's rates down by more than 1.5 percentage points this side of January reduction - Mr. Fazio is still conducting monetary policy with a tradi-

tional, domestic orientation. What this means in practice is that beyond keeping rates high as a way of safeguarding the lira at a time of global market turmoil, the Bank of Italy is keen to continue to use interest rate cuts as a reward for the successful approval of the country's annual budget, which is due to be presented at the end of this week but which could take months to

Indeed, the risk of a political crisis is palpable, as the Refounded Communists are once again demanding more public spending on job creation as the price of their support for he budget law

Alison Cottrell, an economist at Paine Webber in London, notes that "Mr. Fazio keeps referring to domestic money supply numbers, which is quite a pedantic line at this stage in European excuse for not cutting rates." Ms. Cottrell predicts that "if Prime Minister Romano Prodi presents a

budget that the Communists reject, I am sure Mr. Fazio will delay interest rate cuts until late December. Ireland has a different problem. With a skilled labor market, conexport sector and low corporate taxes.

burden on the economy."

pegged to the dollar.

Mr. Cardoso also reiterated his de-

termination not to devalue, stressing

that he "would do everything possible

The deficit makes the country vul-

to protect the real," Brazil's currency.

nerable to swings in interest rates and a

\$300 billion of domestic debt is float-

ing-rate securities. Another large chuck

overhaul of pension laws, which has

been stalled in Congress since 1995.

mulate benefits that will make the gov-

more than it collects in pension taxes.

The key to the budget cuts is an

Brazilian law allows people to retire

weaker currency. Two-thirds of Brazil's

Ireland has become, in the words of Ms. Cottrell, "a Celtic tiger economy." Anticipation of the inevitable and sharp interest rate cut of nearly 3 per-centage points that will occur in Ireland

has already brought down mortgage and long-term interest rates and has helped to power economic growth that could be more than 9 percent this year.

When Irish interest rates drop from 6.19 percent to as low as 3.3 percent, the economy will risk overheating, and that is a genuine consideration.

Ultimately, the effect of interest rate convergence will be to bring down the overall average rate among the 11 countries launching the enro from its present 3.74 percent to 3.3 percent.

That, says Holger Schmieding, an economist at Merrill Lynch in London, amounts to an effective half-point rate cut for Euroland. The effect of the cuts, of course, will be felt at first more in peripheral Europe, in countries such as Italy, Spain, Portugal and Ireland.

# **Expatriates' Families Get New Attention**

By Diane B. Lewis The Boston Globe

OSTON global trade has grown, corporate America is doing a lot more to prepare executives for overseas assignments, and that means responding to the needs of spouses and children.

Take, for example, Gillette Co., based in Boston. After an executive is selected for overseas travel, Gillette sends the employee and spouse overseas for a weeklong visit designed to help the family look at schooling, housing, and neighborhoods and help

them iron out relocation concerns before a permanent move is made, said Frank O'Connell, director of global compensation for Gillette. In New York, Windham International, a consulting firm that specializes in helping executives relocate abroad, said revenue from

seas accounted for 42 percent of its sales revenue. The company assigns advocates, or "buddies," to employees' spouses and children, and these advocates meet the family members at the airport and serve as friends, confidantes and allies.

executive relocations over-

"Right now, there are even special programs for teens," said liene Dolins, senior vice president of Windham, a privately held firm, "and the reason is that the whole success of the transfer depends on family support. If the family isn't happy, the assignment won't last."
In 1993, when the Em-

ployee Relocation Council in Washington polled company executives to determine why overseas assignments failed, few if any employers were paying attention to relocation services or counseling for expatriate families. The council's survey

found that international as-signments of more than 60 percent of American employees had failed because the executive the host com-spouses and family members pany's language and prehad not been able to adjust to the move.

Although current statistics are not available, specialists say more companies are paying attention to the problem by focusing attention on trailing spouses and children.

According to a study of 400 international executives by Berlitz International Inc. and the Institute for International Human Resources, based in Virginia, the typical expatriate is male (84 per-cent), between 39 and 45 (57 percent) and married with a spouse or family that will accompany him or her on the assignment (82 percent).

Very often the spouse needs training more than the employee," said Michael McCallum, national director of business development for Berlitz International Inc. "Typically, the employee will have a network of people to talk to, but the spouse is going to have to keep the home together and negotiate outside the house on a daily basis. If relocation fails, it is because a family member is unhappy.

To assist employees in the transition, Berlitz does crosscultural training and language instruction for the entire family — a significant change from the company's early reputation as an international language institute that focused on offering instruction to the rich. Ms. Dolins recalls an em-

ployee who returned home abruptly after only one year, several months after his wife had thrown up her hands and returned to the United States. "His wife hopped a plane

after only two months abroad, and now they are get-ting a divorce," said Ms. Dolins, "He felt the whole family fell apart because of At the Monterey International Institute in California,

employers pay a minimum of

\$9,000 for a six-week language "camp" that teaches pany's language and pre-pares his or her spouse and children to live abroad. "It costs companies a for-

tune to send someone overseas," said Jeannie Watts, program manager for custom language services at the Monterey Institute. "It is a much better investment if the expatriate and his family are able to speak the language, understand the culture and are not living in an Englishspeaking ghetto where they cannot communicate with

English."
Students refer to the courses as "boot camps" because Monterey suggests that executives divorce themselves from the company. stay away from the office. and disconnect the telephone during the six weeks. Some. are so committed to the pro-.; cess that they stay in area hotels. Others, typically executives from foreign countries who are learning English, are placed in American

# Christian Dior

1998 first half results

For the six months to the end of June 1998, the Christian Dior Group turnover was FF 21,026 million and net income from operations - before amortisation of goodwill - was FF 665 million, compared to FF 22,176 million and FF 776 million respectively for the equivalent period in

1997-	1st half	1st half
(million FF)	1998	1997
Turnover	21,026	22,176
Net income from operations before goodwill amortisation	1,881	2,285
Of which share of the Christian Dior Group	665	776
Net income	1.773	2.102
Of which share of the Christian Dior Group	746	699

Christian Dior Couture turnover was FF 635 million, slightly above the 1997 level. The increase in direct sales recorded by the retail network in Europe and in the United States, particulary in the ready-to-wear for women which has increased by more than 50 % since the arrival of John Galliano, enables the Company to compensate for the weakness in the

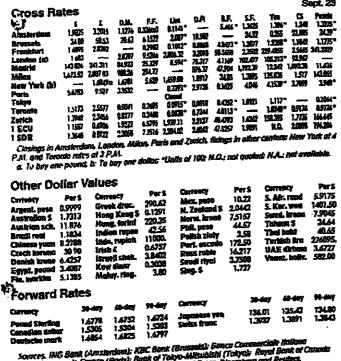
The net income recorded a loss of FF 36 million, due to the revised strategy aimed at phasing out agreements with licensees and increasing sales through the retail network. In particular, the net income figures were affected by the sharp decrease in license revenues resulting from the phasing out of licensess in Japan. In the medium term, however, the new strategy should enable the Company to more than recoup the reduction in net income caused by this phasing out of licence

The outlook for the second half of 1998 should be assessed with caution, as the Group's economic environment is deteriorating. Though sales volume in Japan remains satisfactory, the economic situation in the rest of Asia was further affected by the decline in the value of he Japanese yen. In addition, new sources of uncertainty recently emerged in other parts of the world, notably Russia and Latin America, and the weakening of the US dollar is beginning to weigh on European economies. Under these circonstances, the Group expects to post a decline in profitability for 1998 as a whole.

A dividend prepayment of FF 6.30 per share will be paid on

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### Very briefly:

GonAgra Inc.'s first-quarter profit fell 8 percent, to \$109.3 million, amid excess supplies of pork and beef and lower export demand in Asia. It was the company's third consecutive quarterly profit decline.

Hoyts Cinemas Group of Australia and GC Cos. of the United States plan to spend \$350 million to build movie theaters in South America.

• Dean Foods Co.'s first-quarter profit fell 1.4 percent, to \$21.2 million, as its interest expense more than doubled.

Schering-Plough Corp., which produces the world's bestselling allergy drug, Claritin, will split its stock 2-for-1 on Dec. 2 amid what the company said were expectations of continued strong growth in earnings.

• Bell Atlantic Corp. plans to repurchase as much as \$1.4 billion of its common stock before Oct. 1, 2000.

Lehman Brothers Holdings Inc.'s third-quarter profit fell 23 percent, to \$151 million, after the company posted trading losses in global markets.

• Kaufman & Broad Home Corp.'s third-quarter profit rose 85 percent, to \$28.1 million, surpassing analysts' estimates, amid strong demand for housing.

AP. Bloomberg, AFP, Reuters

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Europe	205.89	+ 0.03	+ 0.01	+ 6,66
N. America	242.10	+ 4.25	+ 1.79	+ 12,09
S. America	83.15	+ 2.39	+ 2.96	45.54
industrial indexes				
Capital goods	239.76	+ 3.89	+ 1.65	+ 16.07
Consumer goods	213.93	+ 0.98	+ 0.46	+ 2.00
Energy	198.44	41.84	+ 0.94	+ 1.78
Finance	112.33	+0.51	+ 0.46	8.65
Miscellaneous	144.10	+ 0.64	+ 0.45	<b>— 3.86</b>
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# Prices of PCs Plunge in the U.S., Led by Drop in Memory-Chip Cost

Fully Functional Systems Are Available for Less Than \$1,000

By Elizabeth Corcoran Washington Post Service

WASHINGTON - Prices always fall in the personal computer business, but never have they experienced the wild powered descent of the past 18 months in the United States. Fully functional systems equipped for the Internet and up-to-date software today often sell for under \$1,000, a price that not so long ago fetched just obsolete castoffs.

At the CompUSA superstore in San Jose, California, you can pick zippy speed of 300 megahertz for \$1,000 — including monitor, about \$900 after rebates. That includes a monitor and a Canon color companies find customers among printer. An Office Depot outside San Francisco offers a similar \$900 deal on a Hewlett Packard Pavilion 6330 (also with monitor and print-

er).
"There absolutely has been a steeper decline this year than pre-vious years," said Cathryn Baskin, editor in chief of PC World magazine in San Francisco. "In the past when a PC hit that magic \$1,000 price point, it was a fire sale of old technology that wasn't worth

Analysts see three big factors at An old-fashioned price war is

driving prices down. Software now on the market does not require the more advanced systems, which for years have been priced at \$2,000 and up.

quisitions to gain advanced technology.

Tchuruk declined to name candidates.

AMEX

NYSE

**AMEX** 

Alcatel Shops for U.S. Acquisitions

Bloomberg News

Tchuruk, chief executive of Alcatel SA, said Wednesday that the French maker of phone equipment was planning more U.S. ac-

NEW YORK — Undeterred by its profit warning last week, Serge

Alcatel said last week that earnings would not meet forecasts this

year as European customers cut spending and a recession in Southeast

Alcarel has already purchased the Texas-based DSC Communications Corp. for \$3.18 billion. Mr. Tchuruk said it was looking at

smaller companies with products that carry data on networks at high speeds, pitting it against Lucent Technologies Inc. and Northern Telecom Ltd., the biggest North American equipment makers.

nology that gives you headway," Mr. Tchuruk said.

U. S. STOCK MARKET DIARY

'You don't get into the U.S. market unless you have some tech-

Alcatel could begin making more acquisitions within "the next few

Alcatel finished 56 francs higher at 570 (\$100.48) in Paris, and its

months," he said, and spend "a few hundred million dollars." Mr.

American depositary receipts were up \$1.50 in late trading at \$19.50.

Asia slows sales. Its shares have since fallen by nearly 40 percent.

And the financial crisis in Asia is benefiting American computer buyers. As companies in the afflicted countries fight to retain sales, they are slashing prices for memory chips and other components.

Most analysts say that Compaq Computer Corp. started the big slide in prices in February 1997 by de-buting a \$999 "full-featured multimedia" model of its Presario lines of computers, without a monitor. Other industry leaders weren't far behind. By last Christmas, Hewlett Packard Co. had a version of its up a Packard Bell operating at a Pavilion line on the market for

> people who could not afford the earlier \$2,000 price tags. A survey by market research firm Dataquest of San Jose in April found that between 75 percent and 80 percent of those buying the inexpensive PCs were first-time buyers.

> The price decline also reflected the state of the parallel development of hardware and software: Hardware had moved well ahead in the race. There wasn't much software that needed the processing power of the higher-end machines.

'Even the lowest-end hardware outpaces the software most of us use." said Mike Feibus, a principal analyst at Mercury Research, a market research firm in Scottsdale, Arizona. "For the vast majority of us, there isn't a reason to spend more'

# Stocks Race Ahead On U.S. Rate Outlook

NEW YORK - Stocks soared Wednesday on expectations that U.S. interest rates could be cut soon, offering scope for stronger corporate profits.

erage rose 257.21 points to close at 8,154.41, and the Standard & Poor's 500 index was up 36.46 at 1,066.09. The Nasdaq composite rose 62.47 to 1,760.27.

### U.S. STOCKS

Gaining issues outnumbered losing ones by a 3-to-1 ratio on the New York Stock Exchange.

Alan Greenspan, the chairman of the Federal Reserve Board, told the Senate Budget Committee that the widening financial crisis would require policymakers to be 'especially sensitive to the deepening signs of global distress."

The comments suggested that Mr. Greenspan might argue for a reduction in the overnight bank lending rate when the policy-making Federal Open Market Committee meets next week. If interest-rate cut in 32 months.

World leaders are taking proactive steps," said Doug Myers, head of equity trading at Inter-state/Johnson Lane. "They're doing things that are reassuring in-European markets also rose

key index closed 5.4 percent higher on optimism about bank earnings. In London, the Financial Times-Stock Exchange index of 100 stocks rose 2.18 percent.

On Wall Street, United Tech-The Dow Jones industrial av- nologies led the Dow higher, gaining 4 3/16 to 801/4 after its chief executive predicted the world's biggest air conditioner and elevator maker would earn more money this year than analysts had forecast. The company said strong sales in the United States and Europe would offset

lower revenue from Asia. The Nasdaq outpaced other indexes as technology issues posted strong gains, led by the stocks of Internet companies such as Yahoo! and Excite.

Yahoo! surged 14 15/16 to 117% as AT&T said it had expanded its marketing partnership with the Internet search directory to create a co-branded Internet service. AT&T also said it had teamed up with Excite and SBC Communications to offer a package of Internet hookups on computers sold by Dell Computer. so, it would be the first Fed policy change in 18 months and the first to 37%. Dell rose 4 5/16 to 64%. PhyCor fell 2 5/32 to 51/2 after

the physician-practice manager predicted weak earnings. The gain in stocks drove down

bond prices: the price of the 30-year Treasury fell 8/32 to 105, lifting the yield to 5.17 percent from 5.16 percent Tuesday.
(Bloomberg, AP)

# Yen Falls as U.S.-Japan Talks Deliver Little

NEW YORK - The dollar rose against the yen Wednesday after a meeting between President Bill Clinton and Prime Minister Keizo Obuchi yielded no concrete steps to pull

Even Microsoft Corp.'s latest op-

erating system, Windows 98, does

not demand a significantly more

powerful microprocessor. As a re-

sult, the chip makers Advanced Mi-

cro Devices Inc. and Cyrix Corp., a

division of National Semiconductor

Corp., are using their expertise to

churn out not just more powerful

chips, but ones that operate at

veiled a chip for laptop computers that is about a third the price of

similar chips made by its archival, Intel Corp., Bloomberg News re-

ported from Sunnyvale, California.

[The chip, called the AMD-K6/ 300, will run at 300 megahenz, as

fast as Intel's most advanced pro-

cessor for laptops. It will sell for \$229 in lots of 1,000. Intel's com-

parable 300MHz Pentium II 300

sells for \$637.]
Even the chip kingpin, Intel, has been forced to create an entirely new

family of low-priced chips, which it

calls its Celeron line. Though Intel's

most sophisticated Pentium II Xion

microprocessors cost more than \$2,800 apiece, Celeron chips are

Not only microprocessor costs have fallen. "The industry as a

whole has seen some of the biggest

declines in memory prices over the last six months," said Patrick

Moorhead, who directs product

marketing for Compaq Computer Corp.'s Presario line of com-

going for \$149 to \$192.

[Advanced Micro Devices un-

former speeds at a lower price.

Japan out of its economic slump.

"The market had set itself up to believe Obuchi would deliver some banking reform," said Michael Scarlatos, currency strategist at Bankers Trust, "and the comments made by Japan and U.S. officials following the summit implies they are as far away

been for the past few months." Mr. Obuchi's visit to the United

Democratic Party and the opposition over banking Japanese reform legislation showed signs of unraveling. The two sides are seeking to resolve

### FOREIGN EXCHANGE

their differences and approve legislation on banking restructuring before the current parliamentary session ends in early October.

"If the Japanese do not deliver both bank reforms and tax cuts," Mr. Scarlatos said, "then we can see from banking reform as they have the dollar at 145.00 yen in three

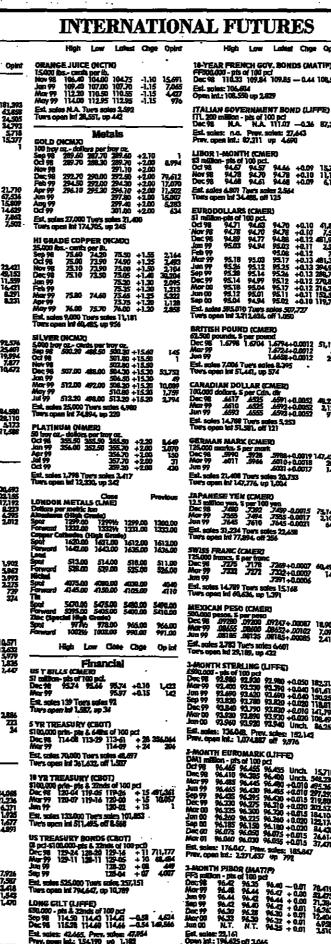
Japan's main opposition party blasted Mr. Obuchi on Wednesday for making "obscure" promises to Mr. Clinton. The two sides differ on : the government's plan to use taxpayer funds to support ailing banks.

The dollar was held back against European currencies by suggestions from the chairman of the Federal Reserve Board, Alan Greenspan, that the Fed might reduce interest rates in the near term. The dollar slipped to 1.6781

Deutsche marks from 1.6814 DM, to 1.3895 Swiss francs from 1.3897 francs and to 5.6290 French francs The dollar rose to 135.835 yen in from 5.6455 francs.

The pound rose to \$1.6849 from :-

### States came as an initial agreement 4 P.M. trading Wednesday from between the governing Liberal 135.395 yen Tuesday.



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### EUROPE

# Murdoch's Daughter Steps Into Limelight

By Matthew Lynn Bloomberg News

LONDON - Even as Rupert Murdoch's News Corp. said the media tycoon's estranged wife, Anna, had left the company's board, his daughter Elisabeth, 30, appeared to be preparing a push to prominence within the company.
In London, many people see
Elisabeth as the force behind British Sky Broadcasting PLC's recent

### INTERNATIONAL MANAGER

purchase of the Manchester United soccer club, England's most glamorous team, for £625 million (\$1.05 billion).

As general manager at BSkyB, which is 40 percent-owned by News Corp., Elisabeth has been given credit for acting boldly in securing the team's brand name,

Many had assumed that Mr. Murdoch's eldest son, Lachlan, 27, would eventually be anointed heir when Mr. Murdoch, 67, decides to small part of the overall business — trols Turin's Juventus. Philips NV

but the place where Rupert started as a young man.

The jostling for succession among the junior Murdochs has become more intense over the past two weeks.

As part of that competition, The Manchester United purchase appears to be an attempt by Elisabeth to prove that she has the qualities

quired to run the company. News that Mr. Murdoch was buying the most popular team in Britain has already sparked a scramble for control of other leading British clubs.

Carlton Communications PLC has already opened talks with London's leading team, Arsenal. Other media companies are looking for teams to buy. Enic PLC, an investment company, has approached London's Tottenham Hotspur and has just taken control of FC Basel in Switzerland.

Corporate ownership of sports teams has a long history in the rest of Europe. In France, Canal Plus SA has control of Paris St. Germain; in loosen his grip on his empire. Lach- Italy, Silvio Berlusconi, the media an Murdoch now runs News magnate and ex-prime minister, Corp.'s Australian newspapers, a controls AC Milan. Fiat SpA con-



Elisabeth Murdoch, 30, could emerge as her father's successor.

owns one of the Netherlands' lead- sparked the race among media ing teams, PSV Eindhoven.

The imminent arrival of a Europromise of untold riches, has subscribe to pay television.

companies to own European teams. The new league is believed to have pean Super League, a new inter-national rivalry that holds the of viewers across the Continent to

# Bertelsmann, Investor's Europe Its Profit Up, Plans Sales On Internet

GUETERSLOH, Germany Bertelsmann AG, the world's thirdlargest media company, said Wednesday its 1998 profit rose nearly 10 percent as U.S. sales offset lagging

profit at its European book clubs.

The company, which reports earnings only once a year, completed the purchase of Random House for an estimated \$1.1 billion in July to strengthen its position in the United States, the world's largest book and entertainment market. Random House will begin con-tributing to earnings in 1999.

Bertelsmann earned 1.12 billion Deutsche marks (\$661.2 million) in the year ended June 30, up from 1.02 billion DM the previous year. Sales rose to 22.9 billion DM from 22.4 billion DM.

Bertelsmann also said it would begin on-line book sales in October in the United States, Germany and France. The company's on-line service will work with Havas SA in France and other partners in other countries.

"We will do this together with partners so that the start-up costs for Bertelsmann will probably be around 500 million marks in a four- to five-year period," said Siegfried Luther, Bertelsmann's finance chief.

Mr. Luther declined to comment on speculation that the company could form a partnership with Amazon.com Inc., an Internet book retailer, or the on-line business of Barnes & Noble Inc.

The book clubs in Europe cost Bertelsmann 200 million DM. (Bloomberg, Reuters, AP)

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### Very briefly:

 Nokia Oy predicted that the number of mobile-telephone subscribers worldwide would reach 1 billion in 2005 and said the strong development of its market this year had reinforced its positive expectations for its third-quarter earnings, which are due Oct. 23.

• Usinor SA's first-half net profit rose to 2.04 billion French francs (\$358.7 million) from 801 million francs a year earlier, but the company warned that conditions in the second half would be less favorable than in the first half.

Sun Life & Provincial Holdings PLC, Britain's seventhlargest insurer, said first-half profit rose 7.89 percent, to £121.6 million (\$204.7 million), as strong life insurance and pension profitability offset a decline in general insurance.

• Philips NV said the chairman of its Dutch unit, Jan Post, had resigned of "his own accord" and that a successor had not been named.

 Storebrand ASA, Norway's leading insurer, said a merger with Christiania Bank ASA, a partly state-owned bank, was no longer under consideration. The company said it did not want to become involved in "difficult and complex" merger negotiations among Christiania, Fokus Bank ASA and Postbanken.

 Avis Europe PLC said strong demand for its cars and price increases lifted first-half profit 33 percent, to £40.47 million. • Accor SA, Europe's largest hotel operator, said it was interested in acquiring all of Frantour, a French hotel and travel-agency company being sold by France's national railway

operator, Societe Nationale des Chemins de Fer Français. · Alcatel SA published a financial note in newspapers detailing a plan to buy back as many as 10 percent of its shares and said it planned to finance the repurchase with its own resources or with debt.

• International Business Machines Corp. said the head of its operations in Germany, Hermann-Josef Lamberti, would step down Oct. 31.

 Siemens AG predicted an improvement in the computer-chip industry after it said falling prices had forced it to post a loss of more than 1 billion Deutsche marks (\$590.9 million) for its semiconductor unit this year. Reuters, Bloomberg, AFP

# Low Interest Rates Put Vigor Into Spain's Economy

Compiled by Our Staff From Dispatch

MADRID - Spain's economy grew 0.9 percent in the second quarter from the first three months, data showed Wednesday, as record low interest rates lifted consumer spending and investment.

The National Statistics Institute said gross domestic product grew an annualized 3.9 percent in the first

quarter compared with a year ago. The data confirmed one of the highest growth rates in Europe and

since the second quarter of 1990. "The figures just underline that Union. the Spanish economy is booming and is going to continue to do so,' said David Brown, an analyst at

Bear Stearns in London. The report underlined how the 11 EU countries forming the euro zone next January are still divided into a group of faster growing countries, such as Spain, Ireland and the Netherlands, and a group headed by Ger-

Spain is the euro zone's fourth largest economy.
"There are definitely two speeds of growth in Europe right now," said Chema Caballero, fund man-

ager at Banco Santander. 'The question is if the fastergrowing countries are capable of

giving the slower ones a boost." So far, robust economic expansion has helped Spain to slash its high level of unemployment with expected job creation of about 400,000 people this year.

Despite that, Spain's jobless rate - at 18.78 percent in the three marked Spain's best performance months from May to July - remains the highest in the European

> Although both analysts and the government expect some negative impact from the worldwide financial crisis, the Bank of Spain maintained its prudent stance earlier on Wednesday, leaving its key money market rate steady at 4.25 percent.

> That came despite pressure for convergence with lower core European rates with only 12 weeks remaining before the official start of European economic and monetary

Spanish domestic demand in-

creased 4.4 percent in the second quarter, equal to a revised 4.4 percent in the first quarter. Private consumption rose 3.4 percent versus 3.5 percent in the previous period.

Underpinning the economic tion for 1999 growth to 3.8 percent growth were swelling sales of confrom 3.9 percent, to reflect the world sumer products, such as cars and crisis.

Millennium Pharmaceuticals Inc.

ing an alliance to develop drugs

access to Millennium's technology

for genome research and a flow of

compounds for drug development

over a five-year period. Last week,

Bayer, which makes Bayer aspirin

based on genetic technology.

Bayer Joins Forces With U.S. Drug Developer and One-a-Day vitamins, agreed to have shareholdings in Genentech LEVERKUSEN, Germany — Bayer AG said Wednesday it

mobile telephones, three-fifths of

The economy minister, Rodrigo

Rato, said earlier this week that the

government had revised its projec-

the GDP.

would pay the U.S. drug developer Corp. for \$1.1 billion. Bayer will pay as much as \$368.4 \$465 million to fund its research million in research funding and liand buy a 14 percent stake, formcense fees during the five-year term of the agreement. The move continues Bayer's efforts to reduce its The U.S. company said Bayer, Germany's second-largest drugs dependence on chemicals and increase its emphasis on more profand chemicals maker, would get itable health-care products. In linking up with a U.S.-based biotechnology company, it is fol-

lowing in the footsteps of its rival

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buy a diagnostic-products unit Inc. and Chiron, respectively. from the U.S. drugmaker Chiron "This is good news for Baye "This is good news for Bayer on top of buying the Chiron unit and floating Agfa," said Christa

Baehr, an analyst at BHF Bank. "Bayer had a lack of competence in biotech, so this acquisition was the correct strategy." Bayer's shares rose 2.25 Deutsche marks to close at 65.65 DM (\$39). The company said last week it

would list as much as 75 percent of its photographic and imaging unit Agfa-Gevaert AG in a public of-European drugmakers Roche Hold-ing AG and Novartis AG, which to emphasize health products.

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### WORLD STOCK MARKETS

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Continuity in the art of asset management **Lombard Odier** 

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Continued on Page 17

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Wednesday's 4 P.M. The 1,000 most traded National Market securities Hage Low Stock 12 Mornes Hops Law Stock ns of dollar value, updated twice a year. POR LINE SERVICE SERVI TERRETARIA EN SE EL TRANSPORTARIA EN SE EL TRANSPORTARIA EN SE TERRETARIA EN SE EN S SECOND AND DESCRIPTION OF THE PERSON OF THE おからない よながかなる 大本をなる 大本とかなる urrender ender de grafe endre bened betrette betrette betrette spielen en de ster betrette betrette betrette b Pennyangan 《新年》是一句话,我也有一句话,是我们有重要的话,我们也有一句话,我们也是一句话,我们也是一句话,我们也是我们的话,我们是我们的话,我们也可以会会的话,也可以 **新技术的复数 (1) 人名英格兰人姓氏 美國政府共享的政府政府** ON YIN PE 1005 Hapt AND THE PROPERTY OF THE PROPER 是是一个人,我们是一个人,我们是一个人,我们是一个人,我们是一个人,我们是一个人,我们是一个人,我们是一个人,我们是一个人,我们是一个人,我们是一个人,我们是一个 THE STATES OF THE PROPERTY OF zkyłony zydowa congrzyka prze prze przezyka przezyka przezyka przezyka przezyka przezyka przyka przyka przezyk Obywy zydowe przezyka THE THE PROPERTY OF THE PROPER 情感是有不知。这条形,我就是有否的,也就是这种的人的是一个人的是是,他们就是我们的人的人,他们就是这个人的人,他们也是这种,我们也是我们的人,我们是这种人的人, 一个人,我们是我们的人,我们就是有一个人,我们就是我们的人,我们就是我们的人,我们就是我们的人,我们也不是我们的人,我们也是我们的人,我们就是我们的人,我们就是 STATE OF THE PARTY NA GO (CONTROL OF CONTROL OF CONT | Early | Company | Comp Charles of the control of the contro RATE AND SECURITY OF THE PARTY **NYSE** Diw Ytid PE 1005 High Low Latest Chrose High Low Stock Div Ytid PE 1006 High Low Stock Div Yti | The content of the | 140 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 UMER ONL | Colored | Colo

### Very briefly:

- Indonesia and the Paris Club of creditors have agreed on a couraging, if not conclusive. In Auplan to reschedule principal payments on \$4.2 billion in Indonesian debt. The agreement was reached at a meeting in Páris with 19 creditor countries.
- Taiwan's unemployment rose from 2.93 percent in July to 3.05 percent in August, its highest level in almost two years as the economy slowed with the rest of Asia.
- · British Telecommunications PLC, Britain's biggest phone company, will buy a minority stake in an Asian mobile phone operator or internet service provider next month, company officials said.
- Hong Kong Telecommunications Ltd. assured workers there would be no wage reductions or layoffs for the next 12 months, one day after withdrawing a controversial pay cut.
- Telekom Malaysia Bhd. borrowed \$60 million in an interest-free Islamic loan, making the company one of the first to raise money outside the country after Malaysia imposed restrictions on capital flows.
- Hong Kong reported a 9.5 percent drop in new mortgage lending in August, signaling that property market woes are far from over. The total fell to 8.43 billion Hong Kong dollars
- Hyundai Motor Co., South Korea's biggest car maker, expects its dorrestic sales to be cut in half this year, to 300,000, as the economy shrinks.

# China Moving to Spend Its Way Out of Slump

By Seth Faison

BEIJING -- Chinese leaders expect to weather the Asian economic crisis by spending so much money on public works that they reverse slowing growth, deter unemployment and counter falling exports, a senior official said Wednesday.

Assessing China's economic outlook. Zeng Peiyan, minister of the State Development Planning Commission, said that China was proceeding with plans to spend \$1.2 million on new infrastructure projects over the next three years.

Although some economists questo neighbors made it imperative for Beijing to spend aggressively if it wanted to reach its target of 8.0 percent growth this year.

Only if overall fixed asset investment grows by 15 to 18 percent can we reach 8 percent economic growth," Mr. Zeng said at a news conference.

Recent economic statistics are engust, fixed asset investment by the government rose 26.9 percent, to 58.1 billion yuan, compared with a similar period in 1997.

Mr. Zeng pointed to that figure as an indication China's spending plans, unveiled as a \$1 trillion public works plan, had started to kick in. In the face of questions about how even including all official and nonofficial outlays for fixed asset investment, Beijing officials recently expanded their plans by another \$200 billion, for a total of \$1.2 tril-

lion, or 10 trillion yuan. Whatever the size of the outlays, the direction China's leaders want to take the economy is clear.

To reverse the falling growth rate which slipped to 7 percent in the first half of this year, its slowest since 1991 - Chinese leaders plan to expand highway and railway construction, build bridges, provincial electricity upgrades and start water the government's 8 percent target.

conservation projects needed after this summer's heavy flooding.

On Sunday, Beijing also an-nounced plans to build five large hydroelectric power stations at a cost of more than \$7 billion.

Addressing another matter of continuous concern among international investors, Mr. Zeng said he could guarantee that China would not devalue its currency this year. Meanwhile, China's central bank

ordered banks to cut interest rates on U.S. dollar deposits, a move that will likely take pressure off the exchange rate by disconraging demand for dollars.

The yuan, which is only traded on tion whether China can spend that a limited basis, closed slightly high-much, Mr. Zeng said falling exports er on Wednesday, at 8.2784 to the

### **Protectionist China** Has U.S. Concerned

BEUING - The U.S. undersecretary of commerce, David Aaron, said Wednesday that trade relations with China were at a "turning point" with concern growing that Beijing is adopting new protection-

ist measures. Mr. Aaron, who is on the last leg of a tour through several Asian countries hit hard by the Asian eco-China could find \$1 trillion to spend, nomic crisis, said Washington was worried that Beijing's moves to curb imports would only worsen the re-

> "We don't want to see protectionism spread as a result of the crisis," Mr. Aaron said. Since about 40 percent of Asian

trade is among the region's countries, raising new barriers will make it "very difficult for Asia to dig to do," said Jean-Michel Severino, itself out of the problems," he said. Unlike many Asian countries, the Chinese economy continues to grow, but at the slowest pace since 1990.

This year's growth may fall below

# Kia and Hanwha Asset Sales Fail

# Collapse of Deals Casts Doubt on Restructuring of Chaebol

By Don Kirk International Herald Tribune

SEOUL - In a jolt to investor confidence in the economy, two of South Korea's most heavily leveraged groups failed Wednesday in efforts at selling off huge parts to prospective buyers.

estimated at more than \$10 billion. canceled an auction for all its assets for the second time this month, saying South Korea's three other motor-vehicle makers had all demanded larger debt write-offs than

Kia's creditors could offer. The Kia announcement came inst hours after Hanwha Energy Co. said it had canceled the sale of a thermal power plant to AES Corp. of Arlington, Virginia, which earlier agreed to buy the 1,500-mega-watt plant for \$874 million.

The failure of both deals deepened the sense of despair here over whether South Korea's conglomerates, or chaebol, can carry out an agonizing process of restructuring while burdened with at least \$150 billion in debts to foreign creditors and debts totaling several times that amount to Korean banks.

You Jung Yul, appointed by a court to manage the bankrupt X :: canceled the auction even 1' 1925 Kia had said that the Hyunor: Samsung and Dacwoo groups of companies, the country's

the demands for debt write-off's. "It undermines investor confi-

dence in Korea. Kia offered no explanation other than to say that all three groups had attached requests for debt write-offs forgive after the cancellation Sept. 1

of the first auction. Kia did not say whether it would call another auction. The new cancellation opened the possibility that it would have to sell off its facilities piece by piece, leaving most of its debts unpaid. Kia's debts are increasing by about \$6 million a day. with more than half of the gain

Despite its troubles, more than 18,000 workers are still employed group through disposal of its 2,5003, at Kia's two main plants, which continue to produce about 45,000 cars a month. Kia has sold 325,084 cars this year, a 36 percent drop from last year. Kia's domestic largest chaebol, had submitted bids sales this year, like those of ite above the minimum amount for competitors, are less than half Kia Motors Corp., with debts each share. The sale foundered or, what they were in the first eight months of last year.

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"That makes a mockery of the bidding process," said Peter Underwood, who specializes in motor underwood as a business consultant.

"It makes a mockery of the bidding process," said Peter Underwood said, "but the worst thing is the message it sends to the process of the company," Mr. foreign investors that Korea isn't serious about writing off debts."

Ford Motor Co., which owns 9.4 percent of Kia's shares and controls another 5.6 percent through beyond the \$2.1 billion that Kia's Mazda Motors of Japan, which is creditor banks reluctantly agreed to one-third owned by Ford, bid forgive after the cancellation Sept. 1 along with Hyundai, Samsung and Daewoo in the first auction but withdrew from the second.

Hanwha Energy, part of the Hanwha group, South Korea's eighth-largest chaebol, said it had failed to come to terms with AES on requests for a government guarantee for bills accrued by Korean Electric Power Corp., a govern-

# World Bank to Delay Loans to Malaysia

coming from debt servicing.

and peg its currency to the U.S. dollar has "disrupted" the World Southeast Asian country, a senior recession in 13 years.

director of the East Asia and Pacific department at the World Bank. He added that the earliest the lending program could resume would "be at

the end of this calendar year. The World Bank's decision to suffering of the poorer people" due trols on its convertibility.

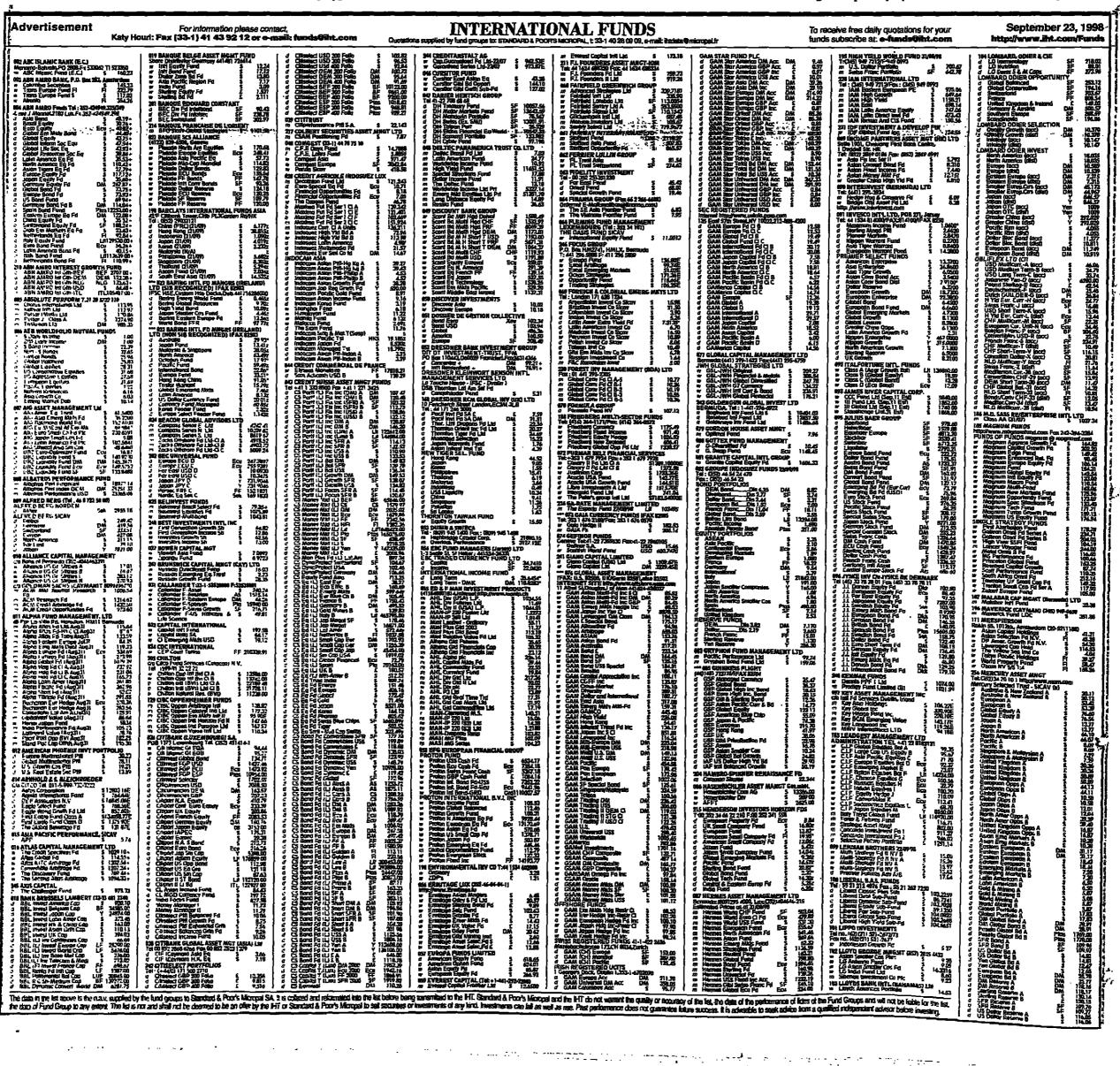
decision to impose capital controls rency controls and its jailing of political opponents would jeopardize international assistance. The Bank's plans to lend money to the country is struggling with its first

The Finance Ministry said Wed-"I don't know what we're going nesday that Malaysian officials would meet with officials of the

World Bank from Oct. 6 to Oct. 8. "Malaysia needs the support from international bodies," said Eddie Lee, an economist at Vickers Ballas

Bloomberg News delay lending about \$1.7 billion was to the recession, he added, "it's goWASHINGTON — Malaysia's the first sign that Malaysia's curing to hurt the man in the street." Mr. Severino said last month that: the World Bank might lend Malaysia the money within 18 months. The money was intended to overhaul the country's financial system, supplement government spending and improve education and health care.

Then, on Sept. 1, Prime Minister Mahathir bin Mohamad, defying international prescriptions for repair-? ing the country's economy, linked; the country's currency, the ringgit, it Investment in Singapore. "Given the to the dollar and imposed tight con-



INTERNATIONAL INVESTING

عكذامن الاجل



# Quarter's Global Equities Storm Offers No Haven

Bloomberg Business News

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NEW YORK - Stocks around the world are ending their worst threemonth period since the third quarter of 1990, and many investors foresee few gains the rest of the year.

As currencies, economies and confidence collapsed late this summer in Asia, Latin America and Russia, stocks

were dismal virtually everywhere.
Among the world's 58 major equity indexes, only Costa Rica's advanced, while markets in Brazil, Turkey and the Philippines lost between a third and half of their value.

Russia's benchmark RTS stock index, the world's best-performing index for the past two years, fell 67 percent in dollar terms.

In the United States, equity investors saw \$1.4 trillion vanish as stocks fell into what could be their first bear market since 1990. The benchmark Standard & Poor's 500 Index, after almost tripling since 1995, is 13 percent below its July 17 high. Such stalwarts as Walt Disney Co., Gillette Co. and Citicorp have warned that results will be hampered by economic

turmoil in Asia and Latin America. Valuations are still quite rich by past standards, and earnings growth is coming under pressure in many parts

of the world," said Paul Quinsee, an make a case for a "profits reces-international money manager with J.P. sion." Morgan Investment Management.

No markets qualify as a haven, investors say, although Europe may have the best prospects amid a wave of corporate restructuring and a plan to

unify many of its currencies.

"If everything remains as it is now,
Europe seems the best of a bad lot,"

The question is how much economic

turmoil abroad will affect the earnings

of U.S. multinationals and the smaller

companies that serve them. Analysts

such as Abby Joseph Cohen of Gold-

man, Sachs & Co. argue that U.S.

companies will grow this year, even

with diminished exports. But others

said Isabelle Cohen Solal, who helps manage \$8 billion at fund manager Etoile Ges-tion in Paris. "The U.S. is slowing, Russia is not there, Asia hasn't solved its prob-

COTTECTION.

Asia, according to ISI Group, a brokerage and economic research firm. ISI expects profits to be little changed this year and lower next year for the companies in the Standard & Poor's 500 index. It also forecasts an interestrate cut by the U.S. Federal

Of 58 major stock indexes, Costa Rica's was the only one to post gains.

this year in the past couple of months, The U.S. stock market is the world's European stocks are ahead of U.S. issues in year-to-date performance. Since its peak July 20, the Bloomberg largest and affects the tenor of trading everywhere. Investors are divided Europe 500 Index has lost more than about whether recent declines mark the Outset of an extended decline or a short half of this year's gains but is still up 13

percent for the year.
Imperial Tobacco PLC, with a 35 percent gain, was the quarter's best investment among the stock in that index. Olivetti SpA, up 30 percent, was the second-best performer as it moved to shed its computer hardware business and become the biggest cellular and fixed-line rival to Telecom Italia SpA.

About one-third of the \$25 trillion

ditionally

stocks.

Board, a move that tra-

Even after losing much of their gains for

world economy is directly affected by

Restructuring also could drive stocks in the fourth quarter as European companies prepare for the introduction of a single currency in 11

countries Jan. 1. Five of the world's 10 worst-performing equity markets for the quarter were in Latin America. Once favored by fund managers for their rapid growth, these stocks gave up three years' worth of gains this quarter --their worst three months in a decade.

From July 17 through Sept. 10, Morgan Stanley's Latin American stock index lost 49 percent of its value, a steeper decline than the one that fol-lowed Mexico's 1994 peso devaluation, as foreign investors fied.

Argentina's Merval index is at its lowest point since April 1995; Venezuela's benchmark index lost 69 percent of its value this year, the biggest decline after Russia, and in Brazil, the Bovespa stock index is

down 33 percent.

Meanwhile, a political deadlock over plans to bail out sinking lenders combined with fading prospects for an export-led recovery to pull down Japanese stocks in the current quarter. The Nikkei 225-stock index has

fallen almost 18 percent since mid-

### **Very briefly:**

 Individual investors put about \$3.83 billion into U.S. stock funds in the week ended Monday, down from the net \$4.71 billion inflow of the week before, as the market continued to rebound after a six-week slump, according to the research group Trimtabs.com. Investors redeemed about \$1.38 billion from international stock funds in the past week, compared with a net inflow of \$1.18 billion in the previous week.

 Latin American closed-end funds have fallen out of favor with investors even more than the markets the funds invest in, with the average fund trading at a 28 percent discount to its net asset value last week - an all-time high - as investors have dumped them in favor of less risky investments, Santander Investment reported.

• Investor AB, the holding company of the Wallenberg family of Sweden, is moving its new-investment unit to New York from London. "It will be easier to follow our main investment areas — within medical technology, health-care and information technology," an executive said, adding that the switch should be completed by next year.

# After Drop, Wall Street Braces for Cuts

NEW YORK - Overseas trading losses and a slowdown in most securities businesses are raising the specter of layoffs at Wall Street's biggest houses, which employed a record number of

people just last month.
"Everything is a function of how the market and how profitability is," Joan Zimmerman of the New York executive search firm G.Z. Stepbens said this week. "Recruitment, compensation and head count — a few firms have already laid down the

law that they will not be actively recruiting." Third-quarter profits at most U.S. securities firms are expected to be the worst in at least two years. Goldman, Sachs & Co. reported Tuesday that its latest quarterly pretax profit was down 19 percent, to \$754 million.

Some Wall Street houses have already trimmed their staffs, and more are planning cuts. Travelers

Group's purchase of Citicorp is expected to result in the elimination of 8,000 jobs, or 5 percent of the companies' combined work force, by the end of the

The employment in the securities industry tracks very nicely with the ups and downs in the market itself," said Hal Schroeder of Keefe Bruyette & Woods. "We're going through the trimming process first." Major cuts will come later, he said, the markets keep slumping.

Fueled by the decadelong bull market in stocks, the securities industry employed a record 663,400 people across the United States in August, up from 606,500 a year earlier, according to preliminary data provided by the New York Department of

Securities employment in New York City alone rose to a record of 166,100 in August, eclipsing the record of 163,000 set in 1987.

# Whose Money Is Funding Your Investment Adviser?

SEC Says Many Firms Fail to Tell All to Clients

By Edward Wyatt New York Times Service

WASHINGTON — Imagine placing your hard-earned nest egg with an investment adviser who, in trading for your portfolio, uses a brokerage firm that pays his rent, gives him vouchers for rental cars or travel or buys new carpet for his office.

According to a survey of brokerage and investment firms operating in the United States released this week by the Securities and Exchange Commission. such practices are all too common.

In a report on the use and abuse of "soft dollars," the commission rebates that investment firms receive for steering business to some brokerage firms, the SEC reported that more than a quarter of the brokerage and investment advisory firms had made questionable use of the money. It did not name the firms. As a result, many investors are probably paying bloated commissions - which, in

turn, lower their investment returns. About \$1 billion of research and other services is purchased annually with soft dollars, the report said. The money is supposed to pay for research to help investment managers put together port-folios for clients. It can also go to buy items covered by a "safe harbor," including publications or computer systems through which research is transmitted to a firm.

But an examination by the commission's Office of Compliance, Inspections and Examinations of 75 brokerage firms and 280 investment advisers found that 28 percent of investment advisers and 35 percent of brokerage firms had provided received items outside that definition.

About 20 firms, or 7 percent of the investment advisers surveyed, had en-gaged in "egregious fraud" by siphoning off soft-dollar money for undisclosed uses, said Lori Richards, director of the compliance office.

Under the quirks of securities laws. trading soft dollars for questionable goods or services is generally not illegal long as there is full disclosure to clients. But the commission found that

almost none of the 28 percent of advisers who had received questionable goods had made adequate disclosures.

Overall, only half of the advisers ex-

amined had described their soft-dollarpractices in sufficient detail to allow their investment clients to understand what was going on.

The use of soft dollars "is predicated on disclosure to the client," Ms. Richards said, adding, "But the disclosure is pretty inadequate." At some. firms, the people responsible for drawing up the disclosures were not aware of the soft-dollar deals being made by the. firm's investment managers or other employees, she said.

Not all of the questionable uses of. soft dollars were as blatant as buying theater tickets. Others included paying a consultant to design a Web site and renting a Bloomberg machine for the marketing department's use. One large-investment firm spent \$882,000 in client commissions to pay for 13 analyses\_ of its own performance, which were then used to market its services to po-1

tential customers. The report recommended that the commission adopt new record-keeping and disclosure requirements for soft dollars. And the commission's division of market regulation will seek to clarify which types and uses of electronic equipment bought with soft dollars con-.. form to accepted "research" practices.

But the report stopped short of calling for a ban on any of the soft-dollar practices, and several of its recommenda-tions were simply that the SEC "reits current soft-dollar guidelines.

One of our goals is to make firms less likely to buy items that are outside the safe harbor by increasing their dis-closure burden," Ms. Richards said.

That cautious approach angered some critics. Representative John Dingell, Democrat of Michigan, the ranking minority member of the House Commerce Committee, said the SEC's recommendations for addressing the problems exposed by its report fall woefully short

## INTERNATIONAL FUNDS To receive free daily quotations for your funds subscribe at: e-funds@int.com September 23, 1998 Advertisement For information please contact Katy Houri: Fax (33-1) 41 43 92 12 or o-mail BOS Email Earn Ear Pai (MLCS) d 805 Email Mathr Ear Pai (MLCS) d 805 North Assury Ear Pai (MLCS) d 805 North Assury Ear Pai (MLCS) d 805 North Assury Ear Pai (MLCS) d 805 Embre Pais R 10 MLCS Dellar Mismanist Polar Mismanist Placific Stockmental Polar Special Ministal Iza GUYMFIA CAPTAL BITL. BIC Wildle Mismanish Tak 441 207-1018 Fore 441 295-2285 ASS Attitudes Assembly ASS Attitudes Assembly Chympia laid Astribuge FRF GTL laid Lid Bland AR FI-ser Firmbury Group Chympia Emmelling Akida Wilsch. Emalent Desgon Ohympia Stor Fir Mangel Sar Ohympia Stor Fir Mangel Sar Wilsch. Maig Intil Sar Wilsch. Maig Intil Meditan Wilsch. Maig Intil Sar Wilsch. Maig Intil Sar Wilsch. Maig Intil Meditan Wilsch. Maig Intil Sar Wilsch. Maig Intil Sar Wilsch. Maig Intil Sar Wilsch. Sagar Wilsch. Sag SEC. SAME PRI SECURITY SEA SECU 189 PEDPETTUAL FISHO MIMES (DESERT) LIST POR BOX 657/Valmented Chamber Scients Silver His-LSS Growth Fund See Holdings Lid See A Grout Asken Press Jopan Profile French Log & Grout Asken Press Jopan Profile French Kingde Ghoot Pil Lid Cl A Kingde Ghoot Pil Lid Cl A Kingde Ghoot Pil Lid Cl B Kingde Ghoot Pil Lid Cl B Kingde Ghoot Pil Lid Cl B Lid French Reporte Genetic La Freythe Holdings Lid La Freythe Holdings Lid La Folder In Girl Pil Lid La John In Girl Pil Lid Ala Marwel International Lid Alan International Lid Pounds Lid Pil Lid Alan International Lid Pounds Lid Pil Lid Alan International Lid Pounds Lid Pil Lid Sonit College Pil Lid Pounds Lid Pil Lid Pounds Lid Pil Lid Sonit College Pil Lid Pounds Lid Pil Lid Pounds Lid Pil Lid Pounds Lid Pil Lid Sonit College Pil Lid Pounds Lid Pil Lid Pounds Lid Pil Lid Sonit College Pil Lid The S 1277 INTERPOLATION OF THE PROPERTY 17.53 14.49 17.49 11.22 848 846 575 504 7.52 7.50 10.27 10.15 \$ 96.77 \$ 127873.55 \$ 197032.90 10.46 9.71 10.52 | Cost | 7.39 7.59 7.43 4.41 4.23 1.7022 0.44.6 1.4027 2.14.6 51.7630 1.0718 21.97.72 2.2537 10.17.0 11.6453 ### CONTROL OF THE CO 1074.74 1085.30 띦 21.500 99 11.500 99 11.500 11. 79.753 425 # UBS (Lucy Shart T LUEM T UBS (Lucy Shart T LUEM T T UBS (Lucy Shart T LUEM T Asha Goods Corvert SPR # DEZ SPR # UBZ S- Shart Fund # UBZ S- Shart Fund # UBZ Develtha Stripes B # UBZ Seta Equity Fund #

# NIGERIA: A FRESH START

# ABUBAKAR: ARCHITECT OF TRANSITION

'I am happy to say that democracy

is going on in full swing. Political

parties are being formed; alliances

are taking place within the

sworn in to preside over Nigeria.

he has held prestigious positions in the army, rising to the presidential elections in February 1999. the rank of chief of defense staff and chairman, joint chiefs of staff of the armed forces in November 1993, when General Abacha became president.

Number three in the leadership hierarchy during of the Provisional Ruling Council after having served as military intervention will be tolerated.

a member of the Armed Forces Ruling Council under the previous administration of

General Ibrahim Babangida. The post of the military leadership's second in command was vacant at the death of General Abacha, as its former occupant, Lieutenant General Oladipo Diya, was on death row for his alleged role in the aborted military coup attempt of December

With his unanimous election as the new head of state and chairman of the nation's highest lawmaking body, General Abubakar had come a long way. Born June 13, 1942 in Minna, the capital of the state of Niger, he completed his primary and high school education in Minna, Bida and Kaduna before enlisting in the Nigerian Army in 1963. His military training in Nigeria and elsewhere, notably the United States (1975-77 and 1981-82) enhanced his international perspective. He was part of Nigeria's contingent to the UN peacekeeping force in Lebanon in 1978-79 and has been active in the Committee of West African Chiefs of Staff, set up by the Economic Community of West African States to monitor peace and security in the region.

The Nigeria you found when you came to power was a pariah state. How did it come to that?

Our country found itself in that unfortunate situation by nulment of the 1993 presidential elections, where some people perceived that injustice had been done. There was also the Ogoni problem in the riverine oil production, where the economic renaissance of our region. the world believed injustice was done. These and some other political and economic problems gave us a bad

What progress has been made in your commitment to mend fences with countries that had shunned Nigeria?

We have assessed our situation, in the understanding that no nation can live as an island, and have decided to open a perceived as unjust. We have addressed the issue of human ongoing privatization policy. rights, have released political prisoners, dropped charges on political issues and asked every Nigerian to come aboard to build a new nation. On the Ogoni issue, we have asked that it be transferred from the tribunal to the ordinary courts. We have reviewed workers' salaries and approved a substantial increase to alleviate some of their problems.

How is your democratization program related to this and some countries no longer exist. process?

On assumption of office, we held a wide range of consultations with a broad spectrum of people, as a result of Commonwealth of Nations? which we dissolved the former political parties, thereby Definitely, yes.

General Abdulsalami Abubakar was virtually an un- providing a level field for everybody to compete equally. I known figure outside his own country until circum- am happy to say that democracy is going on in full swing. stances propelled him into the limelight. When General Political parties are being formed; alliances are taking place Sani Abacha, the former Nigerian ruler, died on June 8, within the political field. You will recall that on Aug. 11, I not many knew the new man who was immediately set up an independent electoral commission, which has already given out guidelines for political party formation Yet General Abubakar, the new Nigerian head of state and released dates for the different elections of our three and commander in chief of the army, is not an outsider. tiers of government. Legal government elections will take A military professional who never ventured into politics, place next December, state elections in January 1999 and

Do you expect May 1999 to be the end of military rule in

would want to believe that both the military and General Abacha's tenure, he was an important member civilians have learned their lessons. After May 1999, no

What is your message to foreign

We have said that we are privatizing 40 percent of our economy. Nigeria is endowed with a lot of resources, so any investment is bound to yield profitable results. So we are inviting them to come and join hands with us for mutually beneficial business relations.

Will your current U.S. visit afford you an opportunity to talk to prospective investors? Yes, a team of experts is in my entourage for that

Is your decision to attend the Francophone summit in France in October a continuation of the Abacha policy of

rapprochement with the Francophone world? Yes, we are consolidating all the good policies of the previous administration, like Nigeria's relations with the Francophone world, which is good for Nigeria and her Francophone neighbors in the West African subregion. We shall continue to cultivate these relationships.

Nigeria has been accused of imperialism in West Africa. What is your assessment?

Again, this is an area in which the late General Abacha achieved a lot. Whatever perception had existed has changed by now, due to our very cordial relationship with our Francophone brothers and sisters. Some may see Niomission or commission. Problems started with the angeria as a senior brother, but we have no hegemonistic

We understand each other and are working together for

Nigeria has been criticized for exporting what it does not have - democracy - and importing what it has - oil. What is your reaction?

These criticisms are no longer tenable. We faltered in the past, but we are now getting our act together. Democracy has come to stay in Nigeria, and we have now embarked on the repair of the refineries which caused the shortages. window and try to address those issues that have been Besides, we are going to privatize oil services as part of our

> Shouldn't the international community lift sanctions as a reward för your efforts?

Certainly, we have made progress. The problems of Nigeria are being better appreciated by the international through regional organizations like ECOWAS or through community. I believe that all the problems that warranted all the OAU, the continental body. We shall definitely frown

Are you looking forward to returning Nigeria to the



General Abdulsalami Abubakar: "Democracy has come to stay."

There is talk of Nigeria's aspiration to a permanent seat on the United Nations Security Council.

This idea of an African permanent seat on the Security Council also has the support of the Organization of African Unity and the Nonaligned Movement. Africa deserves to be given a seat, and we as a body are talking to each other to see who should occupy it when the time comes.

What is your view on regional integration, especially as it concerns the role of the Economic Community of West

ECOWAS has scored first in conflict resolution, peacekeeping and peace enforcement. These exemplary achievements have been acknowledged by the UN and other bodies. We must build on the achievements and embark on programs that foster the integration of our economies and peoples. For example, we shall launch ECOWAS traveler's checks to facilitate the movement, economic activity and cooperation of our people.

How do you see the future of the ECOWAS munitoring roup. ECOMOG, in view of the attempts of the United States and France to sponsor peacekeeping forces in

ECOMOG has done a marvelous job of peacekeeping and conflict resolution. It will remain useful to our subregion, Africa and the United Nations. We will do our best to make it continually effective and relevant. It is pleasing to note that all the countries are giving their support to the ECOMOG initiative. We are going to talk with the United States and France, and what we are saying is that any support given from any quarter to Africa should be made the bad blood, sanctions and bad relations between Nigeria at anybody coming here with his outfit and starting to operate because there will be problems: Who will constitute the troops? Under what auspices? How will they be administered? But once it comes under regional or subregional bodies, there will be mechanisms for how to go

### THE TEAM MEMBERS

These are the new members of the Federal Executive Council.

ALHAR GEDADO IDRIS: Secretary to the Government ALHAR ABOURLAND INFRANCE: Attorney General/Justice

ALHAI ALFA WALE Agriculture

JOHNH MADUGUE Minister of State, Agriculture

CAPT. (PROT) BENON BRIGGS: Aviation

AVM CAMCE UMERWALIR: Communications MAIOR GEN. PATRICK AZIZA: Commerce & Tourism ENERGY SECT

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of the World Bank

SAMUEL OLARYA ONE: Education

ALHAII SAKA SA'ADU: Minister of State, Education

Major Gen. Maman Kontagora (ret.): Federal Capital Territory

A.O. OGUNEYE: Minister of State, Federal Capital Territory

ALHAII ISMALA USMAN: FINANCE AKPAN WESON ETUK-LIDO: Minister of State, Finance

AMBASSADOR IGNATIUS OLISEMEKA: Foreign Affairs

ALHAR BUHARI BALA: Minister of State, Foreign Affairs

PROFESSOR DEBO ADEYEMI: Health

ABUBAKAR ALL: Minister of State, Health

John Nina Nwood, Jr.: Information & Culture

CHEF ONKERO AKANDE: Industries PROFESSOR MUSA YAKUBU: Internal Affairs

EMMANUEL Upoqu: Labor & Productivity

CHEEF RASHEED GRADAMOSI: National Planning

Bello Suleman: Power & Steel

GODWIN OGBAGA: Minister of State, Power & Steel

MAJOR GEN. SAM MOMAN: Science & Technology

PATRICK IBRAHIM YAKOWA: Solid Minerals

REAR ADMIRAL FESTUS PORGENI: Transport ALHAII HAMZA SAKWA: Water Resources

LARABA GAMBO ABDULLAHI: Women's Affairs

AMBROSE FEESE: Minister of State, Works & Housing

# ECONOMY: CONSOLIDATING THE GAINS

Alhaji Ismaila Usman, former deputy governor of the Central Bank, last year earned the displeasure of the Abacha administration for refusing to make irregular disbursements to key government officials. In August, he was appointed minister of finance — a testimony to the new government's commitment to transparency, probity and professionalism. Here, he speaks about new prospects for Nigeria.

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What was your assessment economy under Abucha?

Talking of reality and not sentiments, the economic Also, the naira achieved ex- administration? measures of the previous ad- change-rate stability. ministration had good and store macroeconomic stabil- misapplication of resources. ity as well as financial and fiscal discipline, leading to a

advantaged areas.

for export.

velopment are tax deductible.

manufacturers for five years.

manufacturing companies.

INCENTIVES FOR INVESTORS

For foreign investors, Nigeria is offering new incentives

in order to attract much-needed foreign capital into the

A five-to-seven-year tax holiday for pioneer industrial

· A percentage of expenses on research and de-

No tax on bank interest for goods manufactured

Dividend profits from oil sector companies are tax-

Low tax rate of 20 percent awarded to small

Additional tax concessions for manufacturers who

Absence of restrictions on capital allowance to

• Three-year tax holiday for operators in the export-

· Deferred royalty payments for investors in solid

take initiatives in local raw material and infrastructure

companies establishing themselves in economically dis-



A team for revemping Nigeria's economy (from left to right); Finance Minister ismails Usmen, Central Bank of Nigeria Governor Paul Ogwune and Finance Minister of State Alipan Wilson-Eluk-

The negative aspects inbad sides. A lot was done to cluded low investment and rationalize the economy, like poor maintenance of infra-

What are the financial sharp decline in inflation. management priorities of this

This administration came at a time of constrained eco-

tion of macroeconomic food production but also for the phenomenal multiplication of lated white-collar misdemeanors in large number of suspects are still being fiscal discipline and the other good policies that have been in place from 1995, including

with the decline in oil prices.

What are your strategies for attracting foreign in-

This administration has renewed interest in normalizforts have been made to furetary and fiscal policies are well as toward the privattend to pursue very vigorously. Additional incentives are also being put in place.

What about the controversial dual exchange rate for countries, and Nigeria is no exception. •

The head of state has also announced that steps are being taken to review the policy with a view to phasing it out during this fiscal year.

How are you coping with the decline in oil prices? The price decline, coupled with the reduction in the OPEC quota, has affected both our revenue profile and the 1998 budget. We intend to curtail unnecessary expenditures and embark on measures to develop the non-oil

How much will the 1999 budget be affected by these

sectors of the economy.

Certain measures like the value-added tax and port reforms for better duty collection need to be maintained, as they will increase revenue some prudent measures to re- structure, coupled with the That and our short tenure yield. But we must make notwithstanding, we are more efforts to promote the committed to the consolida- agriculture sector, not just for more efforts to promote the

> How are your relations with international financial the structural adjustment institutions?

The September visit to Nigeria of Jean-Louis Sarbib, the World Bank's regional vice president for West and strengthening relations berelations with all the impor- Bretton Woods institutions. tant nations of the world. Ef- These relations have suffered in the recent past from stress. ther open up the economy in But, one should never forget order to attract foreign in- that Nigeria has strived for a vestors. Our economic, mon-long period to maintain good relations with the financial pushing our efforts to mend ization policy, which we in- fences and normalize relations where they may have The expertise gap been weakened. But there is a With the rush, the number of trained situation in Nigeria to declare themlot the World Bank and the International Monetary Fund



Konyate, executive

**Economic Community** 

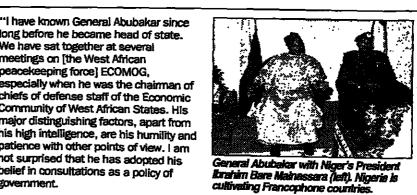
secretary of the

of West African

### - In His Own Words -**On Abubakar And Regional Relations**

We have sat together at several meetings on [the West African peacekeeping force! ECOMOG. especially when he was the chairman of chiefs of defense staff of the Economic Community of West African States. His major distinguishing factors, apart from his high intelligence, are his humility and patience with other points of view. I am not surprised that he has adopted his belief in consultations as a policy of

long before he became head of state.



# STABILIZING THE BANKING SECTOR

government.

Strengthened measures will protect depositors and regulate the activities of the banks.

Nigerian banks in the late 1980s vaded the sector. and early '90s, following the launching of the Structural Adjustment trouble. Banks had started to fail, as Program and the attendant liberaliz- depositors could no longer obtain ac- To indicate his commitment to the conation of the financial sector, turned out cess to their money. The National Deto be a nightmare — not a blessing as posit Insurance Corporation (NDIC), Nigerians had expected.

This was predictable. The relatively lax conditions for the establishment of Central Africa, has been all sorts of banks - commercial, merviewed by some as a signal of chant, mortgage, community, people's - resulted in the unbridled mushing political and economic tween our country and the rooming of these financial institu-

The dual exchange regime, with its possibilities for corruption, further enhanced the appetite of prospective bankers, and overnight the banking industry became the sector to beat in the mad rush for easy money. Ungeared toward that end, as community. Now we are fortunately, in most cases, it was other people's money that was at stake.

bankers soon became inadequate, and selves human-rights exiles), many oththe banking industry filled up with ers were apprehended, investigated can do to assist developing people who lacked proper training for and put on trial. alism, fraud, graft, forgeries and reals have been tried, jailed or set free; a dog of erring banks.

By 1992, the industry was in serious

the regulatory organ of the Central Bank of Nigeria, for all its efforts, appeared hamstrung in the face of the flood of mismanagement in the banking industry. Its attempts to prosecute erring banks hardly scratched the sur-

needed was a special measure to stem That extraordinary measure was provided by the Sani Abacha regime. with the enactment of the Failed Banks (Recovery of Debts) and Financial Malpractices in Banks Decree No. 18 of 1994. While most of those whose errors of omission or commission had brought chaos to the banking sector left

the country (some using the troubled

tinuing cleanup of the banking sector. Head of State Abdulsalami Abubaith has directed the law enforcement ages cies to examine the cases of exiles to ascertain which of them have cases in answer to in relation to the provisions of the failed bank laws.

In response to that directive, the face of the problem. Clearly, what was police have begun to publish names and photographs of "wanted persons,". accompanied by their alleged of fenses

> The ongoing release of these circulars is seen in Nigeria as an indication that General Abubakar is bent on intensifying the purge at the banks. Moreover, the NDIC is currently working to refund the initial insured sums of deposits to those who lost their funds in the 26 banks that have officially been liquidated and the others that are van-

ishing on their own In addition, the decision to return people who lacked proper training for and put on use.

Since, then, many of these individuits sharper teeth in its job as the watch,

in less than three months. following the death of its former ruler, General Sani Abacha, the most populous African nation has been experiencing dramatic change. Under the new head of state, General Abdulsalami Abubakar, the government bas decided to move toward civilian rule, improve Nigeria's relations with the other countries of the world and create new business opportunities. General Abubaicar's address to the UN General Assembly and his meetings with leaders in Africa, Europe and America signal the dawn of a new era in Nigeria a case in point for the concept of African renaissance.

Nigeria is feeling a new vitality as confidence returns to its

commercial centers like Lagos, above. Right: West African

> peacekeepers in the force known as ECOMOG inspect

weapons in Liberia. Far right: Nigeria's oil sector, the

country's key industry, is

being revamped.











# A CHANCE FOR A TRUE **DEMOCRATIC TRANSITION**

Nigeria's new regime is matching deeds to words.

political prisoners who had been languishing in jails and detention centers, a pledge to respect human and other fundamental rights of citizens, and the realistic program of transition to civil sclves. rule ever in Nigeria, he is well on the

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way to making history. What is more, his overtures to the international community have been warmly accepted by the United States, Britain and other major nations.

A country of more than 110 million people. Nigeria is endowed with an abundance of human and material re-

ince coming to power as Ni- sources. While these assets might geria's 11th head of state since have ensured it a comfortable place independence in 1960, General among the nations of the world, polit-Abdulsalami Abubakar has broken ical instability and the fractured econew ground in the leadership annals of nomic policies brought about by years With the release of more than 100 opportunity to achieve progress and prosperity. Most important, military rule denied Nigeria's people - made up of more than 250 ethnic groups with their own distinct cultures and inauguration of the shortest and most languages — the right to govern them-

In the 38 years stace Nigeria's political independence from Britain, the military has ruled for 28 years. While military rule may have succeeded in recording a significant level of infrastructure development and in welding the often-contending ethnic groups into a national entity — it even had to deal with the 1967-70 civil war



General Abdulsalami Abubakar has promised return to civilian rule by May 29, 1999.

Within a short

period, General

done much to

- it has, nevertheless, produced a legacy of political instability, human rights abuses and inconsistent economic and investment policies.

The people's wish for democratic Leone. government was repeatedly ignored as the different military administrations went back on their promises to return to the barracks.

Apart from General Olusegun Obasanjo, who willingly handed over to national and international reconpower to a democratically

elected government in 1979, no other military leader in Nigeria kept the promise of voluntarily relinquishing power to the electorate.

With the annulment of the free and fair 1993 presidential elections won by the late Moshood Abiola, the military leadership under General Babangida Ibrahim seemed to have bitten off

population, whose compliance the military had long taken for granted, reacted in a variety of unprecedented ways that brought the nation to the a chance point of anarchy. Not even the highhanded approach of the late Sani Abacha leadership could completely douse the movement toward democratic ideals. The stage was set for a ference. •

The resulting sociopolitical turmoil, repression, human-rights abuses, civil resistance and curtailment of basic freedoms, coupled with the doubtful transition program of the last five years of Nigeria's history, also brought the country to the forefront of international disapproval.

It was during this period that Nigeria was ostracized from the Commonwealth and was kept at arm's length by several leading nations, former friends and erstwhile business partners. Nigeria became an international pariah, in spite of the strides it had taken in fostering international

peace and stability, as evidenced by its achievements in helping to bringing about peace and democracy in Liberia and in restoring democracy in Sierra

The arrival of General Abdulsalami Abubakar at the helm of national leadership after the death of General Sani Abacha in June 1998 ushered in a new era. He demonstrated his commitment

ciliation through the decision to restore the basic freedoms that had been denied to Nigerians.

A new atmosphere Trust in the sincerity of Nigeria's new leader has moved the political class to embrace once again the military administration's program of transition to civil rule, the many disappointments of the past notwithstanding. While

more than it could chew. The civilian the socioeconomic problems of the past have not suddenly been whisked away, Nigerians of all persuasions seem prepared to give the new regime

Within a short period, General Abubakar has done much to convince the Nigerian people, through word and deed, that he can make a dif-

Abdou Diouf,

president of the

Republic of Senegal

### NIGERIA: FACTS AND FIGURES

923,768 square kilometers

**POPULATION** 110 million (1997 estimate)

URBAN/RURAL BREAKDOWN

39% urban, 61% rural (1995 estimate)

CAPITAL CITY Abuja

OTHER MAJOR CITIES

Lagos, Kano, Ibadan, Port Harcourt, Enugu, Onitsha, Aba, Jos, Benin, Sokoto, Maiduguri

GMT+1 hour

**WEIGHTS AND MEASURES** 

Metric

CLIMATE Humid, tropical (rainy season is between May and October)

TYPE OF GOVERNMENT Military government; an ongoing transition program

> will end military rule on May 29, 1999 NUMBER OF STATES

English is the official language. Pidgin is widely spoken and is the popular form of communication among the urban and semiurban populations of the southern parts of the country. Other languages are Hausa, Yoruba, Ibo, Fulani, Kanuri and Tiv

ETHNIC GROUPS

More than 250 ethnic groups with distinct cultures and languages. Principal ethnic groups are Hausa, Igbo, Yoruba and Fulani. Others include Ibibio, Kanuri, Edo, Tiv, Ijaw, Idoma and Nupe

RELIGIONS

48% Islam, 46% Christian (including Catholics, Anglicans, Methodists and Pentecostal denominations), 6% traditional animist religions

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# - In His Own Words -On Nigeria's Renaissance

"The freeing of some political prisoners, the prospect of the transfer of power to civilians in May 1999 and efforts to get the Nigerian economy back on its feet are all measures that I greet with

"Like many friends of Nigeria, I was saddened by its relative marginalization in recent years. All the more so because this had negative consequences for the undertaking of causes dear to all the countries of West Africa.

"Now, with Nigeria on the path to national reconciliation, domestic stability and ethnic harmony, it is not too much to continent."

think that, having won renown for its capacity to resolve conflicts (Liberta, Sierra Leone and Guinea-Bissau), West Africa can better devote itself to its other priorities: development, peace and regional integration.

"Nigeria's contribution will not be unwelcome in these urgent struggles. That is why its revival, whose success I wish, is so close to my heart, as much for the people as for the leaders of West

Africa. "This healthy leap forward matters. indeed, to the whole of our African

Traditional cultures: dancers from the state of Ondo.

Nigeria's role in the region has been recognized by its neighbors. Photographed in Abuja, from left to right: Tejan Kabbah, president of Sierra Leone; Kofi Annan, UN secretary-general; General Abdulsalami Abubakar, Nigeria's head of state; and Charles Taylor,

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THE RETURN TO PARTY

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# ! " Nideshow \* NIGERIA: A FRESH START

# DEMOCRACY IN NIGERIA: A SOFT LANDING

ince 1985. Nigerians have been given seven dates for the termination of military rule: 1990; 1992: 1993; March 1, 1994; January 1, 1996; October 1, 1998 and May 29, 1999, the last being the date named by the government of General Abdulsalami Abubakar, who took office on the death of General Sani Abacha on June 8, 1998.

General Abubakar seems determined to give democracy a soft landing on May 29 next year. He has set up a new electoral commission and deliberately named it the Independent Electoral Commission [INEC] to emphasize the government's desire not to interfere with its independence.

He has promised that election monitors will be invited from the United Nations, the Commonwealth and the Organization of African Unity. He as appointed men and women of integrity to the electoral commission and has urged them to do their work without fear of interference.

The government is also embarking on economic reforms, privatizing

ata the Market

Mar Clinton &



Ray Elipu, a former editor of several papers, is the chief executive of

such public utilities as telecommunications, electricity and refineries to improve efficiency.

Workers' salaries in the public sec-

tor have been raised, and trade unions freed from the shackles of the past. Contracts that had hitherto been awarded under the table will now be subject to open, competitive tender-

With these gestures of humane and responsible governance, the country's image is beginning to take on a new hue. The thrust of General Abubakar's speech before the UN General Assembly is that Nigeria has left its dark past behind.

As the saying goes, "old habits die hard," so to turn things around and build a new culture of tolerance, accountability and transparency, all Nigerians need a debriefing through public enlightenment.

The military and civil society must come to terms with the fact that democracy is the only choice we have. And if the electoral commission lives up to its billing by conducting free, fair and credible elections, then democracy is sure to have a soft landing in Nigeria on May 29 next year.



Nigerians will be exposed to more balanced media coverage as opposition publications regain their voice.

### THE RETURN TO PARTY POLITICS

More than 20 associations out of the more than 92 groups that had aspired to become political parties in Nigeria had succeeded by early September in meeting the Independent National Electoral Commission's deadline. Those that fulfill the non-stringent conditions set down by INEC will be given provisional registration to enable them to enter the local government election in December. Final recognition and registration will depend on their performance.

Their journey down the road of yet another transition program began with the unfolding of the new administration's sociopolitical agenda in General Abdulsalami Abubakar's televised nationwide address on July 20. Following extensive consultations with different interest and pressure groups in the country, the government had come to the realization that Nigerians were unanimous in their desire to have the military relinquish power and return to its

traditional martial role. Unlike his predecessors, who bought time to justify their long transition programs. General Abubakar surprised even the bitterest critics of military government by announcing the shortest transition program in Nigeria's history, to terminate after a mere 10 months, on May 29, 1999.

International observers

The most striking feature of the program is that for the first time, there will be an independent electoral commission to register parties and voters and organize all the elections, which will be observed by international bodies. A retired judge, the Honorable Justice Ephraim Akpata, has been named to lead a team of eminent and experienced men and women to make up the independent commission.

General Abubakar has not been unaware of the political problems of the recent past, notably a widespread feeling that political organizations were being marginalized.

The new dispensation, therefore, is to be all-inclusive and carry no strings.

To ensure this, the head of state announced the termination of all cases pending against political detainees and exiles, and invited the latter to return unconditionally to participate in the nation's search for a new direction.

He also disbanded all the pregovernment-sponsored political parties, which had been famous for their lack of independence. In addition, he sacked all those who had been elected in the polls conducted under the controversial earlier transition program, in order to create a clean slate for the new program.

As a result, politicians have been returning to the scene.

### TOWARD HEALING AND RECONCILIATION

The new head of state has already made significant gestures of goodwill to Nigerians.

General Sani Abacha, had kept everyone guessing about the real direction and destination of his transition program, fostering frustration with the system that manifested itself in the emergence of apparently irreconcilable differences in the country.

Urban terrorism and bombings, interethnic feuds, calls The climate of change for the breakup of the country and defamation of the nation's name and image by exiles and their collaborators reconciliation.

Release of prisoners

The immediate conciliatory gestures of the new head of state were both appropriate and necessary. General Abubakar lost no time in announcing the release of political prisoners, including the former head of state, General Olusegun Obasanjo, who was serving a life sentence following his conviction in 1995 by a military tribunal for complicity in a coup d'état. Also set free were journalists and other individuals serving sentences in prisons and detention centers across the country for political reasons.

These gestures, and the pledge that never again would any Nigerian suffer pain or deprivation for his beliefs, convictions or lawful associations, established an environment of reconciliation in the country. General Abubakar's efforts to free M.K.O. Abiola from detention were not allowed to come to fruition, however.

The presumed winner of the 1993 election, whose case was at the root of the political problems of Nigeria, was on the verge of being released when death struck before the eyes of some top American officials visiting the country.

It was General Abubakar's reconciliatory consultations with all shades of opinion in the country following this event that formed the basis of the sociopolitical and economic package he later revealed to Nigeria. His olive branch to all exiles and activists especially to the National Democratic Al-

n coming to power, General Abdulsalami Abubakar liance, regarded as the institutionalized opposition to the was confronted by an angry nation. His predecessor, military - was accepted with warmth. His visits to hitherto "no-go" areas like Lagos (where he paid a condolence visit to the Abiola family), Ibadan and other hotbeds of opposition have shown him to be unique in the annals of Nigerian leadership.

General Abubakar's mission has been so successful that today Abuja, which used to be avoided by many, has once abroad became the symptoms of a nation yearning for again become a Meeca for Nigerians. Perhaps one of the most significant proofs of General Abubakar's capacity for reconciliation is that, on Sept. 7, at his press conference in Abuja, among the journalists who posed what would have in the recent past been regarded as "unacceptable" questions were representatives from the opposition newspapers and magazines.

At the urging of the new administration, one of these editors had just returned from self-imposed exile: another had been released from detention. General Abubakar listened to their questions with attention and answered them with a confident smile. •



All charges against Nigeria's Nobel Prize-winning political extle Wole Soyinka have

New political parties will participate in three elections this year,

Political detainees and others have already been released.

The role and

activities of the

RESTORING HUMAN RIGHTS

n the past, Nigeria and the international community were brought L onto a definite collision course over the issue of human rights and the perception that Nigeria had fallen far short of expectations in the way it had infringed on the rights of its citizens.

The climax of this international disapproval came in 1995, with the execution of the writer Ken Saro-Wiwa and eight other Ogoni activists after having been found guilty of murder by

a tribunal. The world was outraged that the Ogoni 9 were not allowed the right to appeal, which the tribunal had prescribed before hangings.
The Ogoni judicial

murder," as it was described by former British Prime Minister John Major, resulted in Nigena's suspension from e Commonwealth and

subsequent isolation from the international community.

Business, investment and Nigerian pride suffered as all manner of sanctions were applied to the nation. Meanwhile, scores of political opponents. critics, human-rights activists, journalists and others were held without trial or forced into exile.

About-face

The government of General Abdulsalami Abubakar has changed all that. One of General Abubakar's first actions was to release those being held without trial or detained under the draconian Decree Number Two, which stipulates that anybody can be held at the whim of the powers that be, without trial and without being informed of the reason for incarceration. His administration has embarked on the task of amending or repealing all such laws that made it possible for the rights of -Nigerians to be violated.

The role and activities of the National Human Rights Commission, which was set up to monitor the human rights situation in the country, have been redefined and given sharper

In his July address to the nation, General Abubakar reiterated his pledge to respect citizens' human rights: "In particular, freedom of expression, of peaceful assembly and association as enshrined in the laws of our country will be protected."

As a corollary, the head of state also announced that the judiciary would be not only reformed but also strengthened, as he put , "to enable it to discharge its constitutional responsibility of dispensing justice and protecting the rights of individuals without let or hindrance.

He presented on Sept. 7 a transparent ssessment of the human rights record of his administration. "The general level of individual freedom and freedom of expression and association, among others, has greatly improved," he said. "Cases of people who are detained and have not been arraigned before the courts, and some classes of persons already convicted for offenses. are being examined, and appropriate decisions will be taken. Already, the attorney-general of the federation, in conjunction with the minister of internal affairs and the National Commission on Human Rights of Nigeria, has zoned the country for the purpose of accelerating the decongestion of

The following day, 20 Ogoni youths who had been in detention since 1994 were unconditionally set free, further underscoring the point that General Abubakar's human rights pledges are



The release of scores of political prisoners has improved Nigeria's record on the issue of human rights.



the People:

# — In His Own Words — **On Democracy**

transition is real. General Abubakar has shown Nigerians another dimension in leadership. I trust his pledge to hand over power on May 29, 1999 to a democratically elected government. No other Nigerian military leader has been so

"This time around, the

"Aiready, two major political parties have emerged, cutting across regional, ethnic and religious boundaries. This is a good development which will lead to genuine democracy. We trust Abubakar."

transparently explicit.

## Transparency: A Prerequisite For Progress

Incentives have been put in place to increase official accountability.

ne of the greatest inhibitors of foreign investment in Nigeria is the belief that the transparency of public officials has been in a progressive decline. Some prospective investors have been discouraged from even entering the country. The new government of Nigeria, well aware of these widely held impressions, has set about combating them.

From the onset of his administration, General Abdulsalami Abubakar has embarked on probes into areas of corruption that have had a negative impact on the image of the nation.

From the onset of

his administration,

on probes into areas

of corruption that have

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on the image of

Many new policy options are geared toward ensuring greater ac-countability and probity in the system.

"We have been engaged in investigating the conduct of certain departments of government in the disbursement and application of public funds," the head of state recently told journalists. He has also indicated that the losses were mostly incurred though the embezzle-

ment of amounts advanced for abandoned or overinvoiced contracts, and that a special account now exists at the Central Bank for recovered funds.

On coming to office, General Abubakar gave a strong indication that he would return the nation's public life to the path of probity and transparency. He is fulfilling that pledge with great single-mindedness. He has also made clear his understanding that one of the major factors leading public servants into temptation was their progressively dwindling pay packets, which have been hardly enough to take care of their most basic requirements.

The recent increase in the remuneration of public servants by a whopping 300 percent should go a long way toward removing the temptation to mismanage public Carried States

THE THAM MEMBERS

AN OWN WORKS

Mional Relations

n Abubakar

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# \* NIGERIA: A FRESH START

The new NNPC headquarters in Abuja.

# **ENERGY SECTOR** HOUSECLEANING

Wholesale reform is crucial to the oil sector, the mainstay of Nigeria's economy.

ommon sense might have told successive Nigerian governments to take extreme care of the energy sector, which is the proverbial goose that lays the

nation's golden egg.

This, unfortunately, has not been the case in the industry that accounts for more than 90 percent of Nigeria's income. The sector has been riddled with abuses, so much so that the world's sixth-largest producer of oil cannot find fuel for its domestic use, refineries have been left in a state of disrepair and the oil export market has become a matter of come-one-come-all.

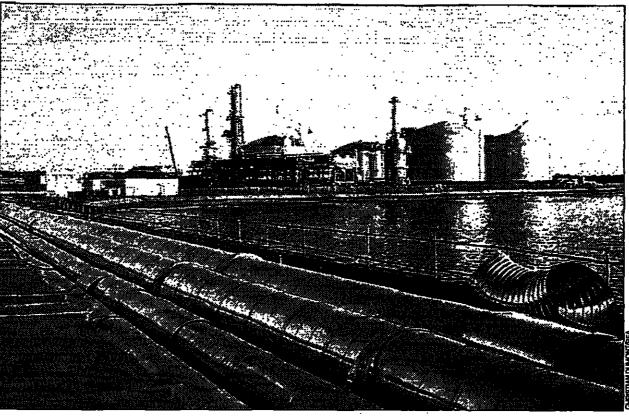
General Abdulsalami Abubakar has taken steps to end this state of affairs. Early in his administration, he met with the major operators in the country's energy industry and involved them in the importing of refined fuel for domestic use, pending the completion of maintenance work on the country's refineries.

New ground rules

Late last July, the government released new guidelines for the removal of crude oil from Nigeria. Henceforth, any of the four categories of companies that are qualified to remove crude oil must have a minimum turnover of \$100 million or a net worth of not less than \$40 million. The four categories consist of upstream investors who have acquired an Oil Prospecting License and who must have completed a minimum amount of work on a concession, companies that own export refineries in Nigeria, bona fide end-users that own a refinery and retail outlets abroad, and established and globally recognized large-volume traders.

These categories of companies, which should manifest a commitment to the well-being of the national economy, will be required to pay a nonrefundable sum of \$100,000 for a term contract or \$10,000 for a single bid.

These measures, aimed at reintroducing rationality to



the nation's all-important petroleum sector, were followed by the scrapping of the Ministry of Petroleum, which in the view of the government had aided unbecoming activities in the sector.

Fundamental reorganization The head of state has said that his administration has embarked on a fundamental economic revitalization program, an important aspect of which is the reorganization of the energy sector. General Abubakar said: "This is aimed at reducing the span of control in the Nigerian National Petroleum Corporation, creating an independent commission to regulate and monitor the petroleum sector. and the appointment of a special adviser on energy" to coordinate the activities of the NNPC and the independent

commission. "Our objective is to make the sector more effective and responsive to the needs of the Nigerian economy," he explained, adding that with the scrapping of the Petroleum Ministry, he would for the moment personally oversee the activities of the former ministry, while the permanent secretary would be responsible for the day-to-day administration of its activities.

The administration clearly recognizes the pivotal role of this sector of the economy and does not intend to relax its vigilance over it. This, no doubt, is why one of the first acts of the administration was to pay the outstanding \$630 million on NNPC cash-call obligations to joint-venture operations with major oil companies.

General Abubakar also promised that the government would adopt measures to permanently eliminate the cashcall problem. As if in response to these revolutionary measures, one of the major companies involved in jointventure operations has announced that it will start exporting Nigerian gas this month. •



The oil industry accounts for 90 percent of Nigeria's income.



Road improvement is at the top of the public works agenda.

# - In His Own Words -On the Economy

Africa's 'economic giant.' Its size, its great economic capacity, its rich natural resource endowment and its talented human resources give it great promise. The Nigerian economy could also be the locomotive that pulls the other economies of West

"Nigeria is now in a period of transition in both the political and economic realms. This has rekindled hope. The World Bank is ready to help Nigeria succeed at this crucial moment. My recent visit has given me

determination of the government and the economic team to address fundamental colicy and development issues. It also helped me measure the enomous challenges that are the consequences of years of

"I was encouraged by recent developments, and we are hopeful that continued progress will allow us to find ways in which the World Bank can help the administration meet these challenges and achieve its economic objectives."

### the opportunity to see the "Nigeria has the potential to be

economic mismanagement.

# GETTING INDUSTRY BACK TO WORK

One of the priorities of the new government is to get the industrial sector back on a viable course.

Tigeria's industry is in need of reinvigoration, not only in order to provide employment for the population, but also to diversify the nation's income base. It has become clear that

Africa region,

the World Bank

for these twin objectives to be achieved, the industrial sector must be freed from government control and the private sector made the engine of growth.

Accordingly, the new administration in Nigeria has dheided that one of the most critical developmental issues in Nigeria today is the need for policies that will enhance an efficient, competitive and diversified industrial base.

As Nigeria's experienced minister of industries.Onikepo Akande, stresses: "Nigeria should become the leading industrialized nation in Africa, exerting great influence in the world econ-

ment into the next millen- petus num, she says that the im- development goods." to vigorously pursue

the objectives of the which is in tune with liberalization before the year 2010. policy. The government says that every possible avenue will be explored to ensure the participation of the private sector. "The main focus of

centrating on the provision

play the new role ascribed

The basic objective of the

privatization and commer-

cialization policy options

the efficiency, performance

Increased efficiency

Akande a Harvard-Onikepo Akande, minister of industry. an injection of foreign cap- engagement of the governital, is needed to transform the industrial sector into the are strictly private sector-oriented, while playing the prime mover of the econrole of a facilitator by con- tor.

This, she adds, is "the brightest hope for sustained growth, employment generallow the private sector to ation, improved savings, poverty alleviation and, indeed, economic develop- to it." ment.

Ms. Akande, who brings A member of the committee to the ministry several of Nigerians who fashioned years' experience as a leadthe Vision 2010 blueprint ing private-sector industri-Prsocioeconomic develop- alist, says that the new im- adopted by the Abubakar petus of private-sector provide the nation with "a and cost-effectiveness of inshould participation, coupled with substantial capacity for ex-

ports of manufactured Mrs. Akande hopes that Nigeria will be producing a significant proportion of The present administration is determined goods and services for its people and the markets of the Economic Community new Industrial Policy, of West African States in the short run, and for the world

> Spreading the word During his meetings with Western

nesspeople in Europe and America, Nigeria's head of state is promoting new inthe policy," says Mrs. dustrial opportunities as well as informing them of countant, "is the dis- already been made to gement of the govern- provide incentives and the ment from all activities that efforts to create a more clement climate for investors in the industrial sec-

As Mrs. Akande points of the incentives, policy and out: "With all these meainfrastructure necessary to sures in place, coupled with our abundant natural and human resources and the committed concern of the present administration, we shall be able to propel our industrial development to a greater height. Our resolve, therefore, is to be able to move the Nigerian nation forward to better living conditions for our people and ultimately to become the first 'African Tiger."" ●

# INFRASTRUCTURE PRIORITIES SET OUT

The special fund for the improvement of infrastructure will be given sharper focus.

he current government of Nigeria has embraced the Petroleum (Special) Trust Fund, or PTF, which was established in 1995 to tend to the decaying and dilapidated infrastructure the administration encountered when it came to power. The fund was set up to utilize the sums that accrued to the state as the result of new prices for petroleum products following the controversial increase in October 1995.

Because of the skepticism of Nigerians about the proper disbursement of such sums, the management of the fund was entrusted to the former head of state, retired General Muhammadu Buhari, whose uprightness is generally acclaimed. The fund has expended over \$2 billion in the rehabilitation of infrastructure all over the country.

As a rescue operation for the nation, General Buhari's PTF has improved roads, water resources, food supply, transportation, and health and educational institutions. So effective and extensive have been the activities of the PTF that every level of governmental administration has continued to call on it, and the PTF began to risk losing focus and direction. Gradually, it began to look as if the PTF itself was in need of rescue, like the infrastructure it was protecting.

That seems to be exactly what General Abdulsalami Abubakar did when he decided to put the PTF back in

In his national broadcast on July 20, he commended the efforts of the PTF and underlined his administration's determination to support and strengthen the activities of the fund. He has directed the fund to concentrate its activities on trained chartered ac- the giant strides that have roads, health and educational infrastructure. •

# COMMUNICATING WITH THE WORLD

An effective telecommunications system is central to winning back international confidence.

cations in the nation's denew minister of communications, with a presidential mandate to effectively link Nigeria to the world within the short period available to the administration. Here, Air Vice Marshal Umenwaliri outlines the challenges as well as the enormous investment opportunities represented by Vigeria's telécommunications industry.

What are the main chalenges of your ministry in rerection of the current ironed out... administration?

We wish to ensure that we are not left far behind in the of the problem and when will fast-developing trends in full Internet services be telecommunications, so that available? we can remain in tune with the world. The state of the misunderstandings over the communications can make or mar the progress and aspirations of any nation. the Internet group, which is a Through faulty communication of licensed private. tions, an entire nation can be misconstrued. We are, therefore, ensuring that we remain forts to achieve Internet conabreast of modern technologies and trends in the industry; we shall continue to invest in modern technologies and facilities to ensure that we remain relevant and have now been cleared up, in tune with other parts of the and very soon we shall be world.

What specific steps are vou taking?

Earlier in the year, the telewas liberalized to open the way to private-sector invest- al? ment. In spite of the recent tions, pointing to the fact that If anything, the omission boost telecommunica-

tions and of the enormous opportunities that abound. nat abound.
We are new to the

ministry, but not to the industry. I have toured some installations and exchanges in the country. The replacement of old facilities has been going on satisfactorily. A case in point is the exchange that was destroyed by fire in Lagos and which has been totally re-equipped with modern digital facilities by a foreign telecommunications

company. Digital exchanges are replacing the country.

However, a lot still needs to be done in the area of radio monitoring, which has many implications for our defense strong case for the replacement of obsolete equipment, and we have already started system. getting proposals from for-

In which specific areas would you most welcome for

eign investors? Foreigners are already aware of our system, shortcomings and requirements. I.

believe that satellite communications technology is the rest of the world. hottest thing in the industry market now. Because the cerns to take advantage of the plemented.

Canice Umenwaliri, an ex- liberalized environment to perienced engineer and air 'come forward and invest; force general and the Already, about 40 licensesformer chief of communi- have been approved. We: welcome more investors for fense headquarters, is the more effective competition and reduced costs.

> Why has Nigeria still not achieved full Internet connectivity?

We are taking the issue of Internet connectivity very seriously, so much so that the head of state has taken a personal interest in it by ordering my ministry, the science and technology ministry and the Internet group to iron out the problems denying Nigerians full use of Internet services. We have met several times. lation to the new policy di- and the problems are being

What has been the nature

There were some minor. industry · domain name registration between an organization and sector operators who had been at the forefront of efnectivity. It is through these private operators that we have been able to achieve the partial connectivity we have been enjoying. The hitches fully on-line.

Why is it that some important commercial and industrial cities like Aba and communications industry Onitsha still do not have digital facilities? Is it politic-.

I agree that those places past political problems, with a great need for telemany investors have shown communications services interest. The monopoly of the and consequent high revengovernment has been broken up-yielding potential had in the provision of telephone been left out in the digitservices. The trend is ongo-alization programs, but it is ing. In fact, since I came, obviously not political, as over 60 foreign companies they had always been inhave sent in their applica- cluded in the annual budgets. they are aware of the gov- might be administrative. It is ernment's determination to my intention to make the is-



Air Vice Marshell Canice Umenwaliri.

the old analog ones all across sue of provision of services. according to objective criteria the practice \_\_ the ministry. We shall do a good job in the short time available to us. But for now, we shall encourage industry. We have made a investors to provide digital services in these areas through the wireless loop

> In what shape do you hope to leave the communications industry?

We hope to ensure the operation of the equipment in top condition. We hope to bequeath a working telecommunications system that will effectively link Nigeria to the

Furthermore, we shall en-sure that the liberalization area is capital-intensive, we objectives of the new govexpect the big foreign con- ernment are being fully im-

### **ECONOMIC BASICS**

GROSS DOMESTIC PRODUCT \$37.8 billion (1996 estimate)

MAIN AGRICULTURAL CROPS

Yams, cassava, sorghum, rice, millet, maize, sugarcane, taro, plantains, peanuts, palm oil, chilies and green peppers, tomatoes, palm kernels, cotton lint. cocoa beans, timber and livestock

Petroleum, natural gas, coal, tin, columbite,

limestone, iron ore, lead, zinc

Food products, brewed beverages, refined petroleum, iron and steel, motor vehicles, textiles, cigarettes, footwear. pharmaceuticals, pulp and paper, cement

EMPLOYMENT BREAKDOWN 47% services; 46% agriculture, forestry and fishing; 7% industry

MAJOR EXPORTS Petroleum, cocoa beans, rubber, urea and ammonia, fish and shrimp, textiles, cotton

MAJOR IMPORTS Machinery and transportation equipment, manufactured goods (mostly iron and steel, textiles and paper products).

chemicals, food products MAJOR TRADING PARTNERS United States, Germany, Britain, France,

. Spain, the Netherlands Currency: Naira (100 kobo = one naira) EXCHANGE RATE: 85 naira = \$1

# NIGERIA: A FRESH START

# FOCUS ON ABUJA, A Symbolic City

The new Federal Capital Territory has become the pulse of the nation.

This was how the idea of nonexistent Abuja was born in 1976, under the regime of Major Genderal Murtala Muhammed, were reversed as Abuja fell

Capital.

build a new capital on near- istrators who distorted the nic groups. The idea was that infrastructure and utilities. Abuja would be the center of national unity, a symbol of dulsalami Abubakar came on the excellence of Africa's the scene, he vowed that this most populous nation. Those trend had to be reversed. That aspirations were thus in the vow was dramatized by the forefront on Oct. 1, 1982, appointment of a man who is when President Shehu reputed for "righting Shagari celebrated the na- wrongs," no matter how far tional day in Abuja, launch- down the drain the situation ing the development of what had gone. The retired army was expected to be one of the general Marnan Kontagora best-planned, most beautiful cities in the world.

A great impetus for the cue mission. development of Abuja was Before coming on board the relocation of the seat of as the new minister of the 1991, by the then-military Babangida. Abuja grew by leaps and bounds, sometimes at the expense of other areas that made demands on the na-

tion's resources. dence. Nigerians were proud been subjected: •

rustrated with their that they had a city that could chaotic capital, Lagos, be likened to a paradise, Nigerians elected to where power outages, water abandon it for a more serene, shortages, traffic jams and ordered and original capital, crime were practically

who was assassinated four on difficult days. Instead of days after signing the legal being a city tailored to grow instrument for the establish- in conformity with a carement of the Abuja Federal fully thought-out and prepared master plan, the city Nigerians had set out to fell into the hands of adminvirgin land, away from the plan for untoward reasons. geopolitical control of any of Expansion stalled, with the the country's three major eth- attendant overburdening of

When General Ab-Abubakar chose for this res-

government from Lagos to Federal Capital Territory, the new capital on Dec. 12, Major General Kontagora was engaged in rescuing the president, General Ibrahim fortunes of Ahmadu Bello Thereafter, University from social, economic, academic and political difficulties. Major General Kontagora

has set out on his job with characteristic What was important to Ni- mindedness. He has vowed gerians, however, was that publicly "to sanitize Abuja" the new capital stood out in by clearing away all the disits modernity and resplen- tortions to which the city had





Top, the marketplace in Abula; above, a political rally takes place in the federal capital.

# A SAFER PLACE To Do Business

The Nigerian law enforcement agency has pledged to keep the country secure.

couple of years ago, the ready excuse of a reluctable or ignorant prospective visitor to or investoring.

Nigeria was that it was a nation of cutthroats. (a)

This is not to say that Lagos and a few other Nigerian cities did not give natives and foreigners alike cause for concern. Since then, however, Colonel Muhammed Matica, the Lagos State military administrator, has given undesirable elements a run for their money.

Anticrime units

The transformation of Lagos and other Nigerian cities with aimed at safeguarding lives and property. Special apticrime outfits, such as the award-winning "Operation Sweep" of Lagos State, were established and every Them. copied in all 36 states of the country and in Abuja. They became an effective antidote to urban crime.

That initiative was undertaken by Nigeria's police chief Alhaji Ibrahim Coomassie. These special units of the police and other sections of the armed forces have indeed proved effective in fighting crime.

The commitment of the new administration to these and

other efforts to keep the nation secure underscores its understanding that foreign investment and capital inflow would will remain only wishful thinking as long as dang signals persisted.

The commitment to bettering the lot of the police fore which had not fared as well as its armed forces counterpar under the military administration, is also welcome news to

In spite of the seriousness and firmness the authorities have shown in battling the problem of advance-fee per petrators of fraud, its practitioners keep perfecting new schemes to beguile unsuspecting victims.

Nigerian authorities are aware of the havoc these scan nave wreaked on the image of the country, and are doing all they can to reverse it.

Media alert

The police and other concerned agencies of the government, including the Central Bank and the Niger National Petroleum Corporation, have been using a variet of different media to alert members of the internation community about the potential menace of these so

Because of their many missions operating abroad, N gerian authorities recommend that anybody who receives a business proposal from Nigeria should, first and forth most, take the initiative of cross-checking with the reevant government or private-sector organizations, which are easily accessible through the embassies or high com-



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### - In His Own Words -**On Business**

undoubtedly opened doors. The government no longer owes its own part of its commitment, notably in the oil

"General Abdulsalami Abubakar has met with the chief executive officers of

"Before Sanl Abacha died, business was the leading oil companies. So it is venture for business. Investors should seize this opportunity."



ltional canoes are used by all ages in Ogoniland, in the Niger Delta

# TRAVEL TIPS FOR VISITING NIGERIA

The following suggestions can make business trips to Nigeria run more smoothly.

Prospective visitors to the country money laundering, authorities might reshould note that:

Economic Community of West African quick, polite and hassle-free. States member countries, who can stay for up to 90 days without visas. Visa should: applications from Nigerian missions abroad will be facilitated if the applicant Preferably, a copy of the letter should also be faxed to the mission by your prospective host.

 An international vaccination certificate (or Yellow Card) is also required, even though it may not have arrival points of airports. been required the last time you went to

amount of foreign currency that may be can arrange for your transport from the never disparage their country in disbrought into or taken out of the country, airport. Some of the local airlines op-

nder the new government's lib- provided an adequate declaration is erate shuttle services running from the eralization, more business vis- made with Customs at the entry exit airports to the major hotels and to the itors are expected in Nigeria. port. Also, in the effort to combat city center. quire Central Bank authorities to be • A visa is required for all categories notified if sums in excess of \$10,000 are nonregistered airport operators. They of visitors apart from citizens of the being transferred. Procedures should be might be cheaper, but...

Before arrival in Nigeria, visitors

 Arrange to be met by business partners, travel or hotel staff, or friends arrives with a letter of application, and relations. First-time visitors may be surprised by the noisiness of Nigerian international airports in contrast to what the visitor is used to in other countries. and/or members of their staff or family Never engage in negotiations with the "good Samaritans" who frequent the

 Make hotel reservations before arrival (especially in Lagos, Abuja and • There is no restriction on the Port Harcourt). Most of the good hotels

On arrival at the airport:

• Never negotiate with or patronize geria."

While negotiating deals: It is quite normal and "Nigerian" for your host to offer to pay for your meals and entertainment, or even your hotel bills. You might hurt his selfesteem if you turn down such offers. You might even ruin the deal.

 Some small presents for your hosts might be helpful, but nothing expensive like perfumes, branded pens or items of stationery, neckties, scarves, etc.

 Nigerians are very hospitable and proud people. They like to show off their foreign friends. Allow them to, But



Nigerians cheer their team through its victorious World Cup opening match against Spain,

# SPORTS MOVES IN A NEW DIRECTION

Some of Nigeria's most visible natural resources are its sports figures and teams.

igerians have become so acworld's biggest businesses.

flicker of hope for world recognition in Nigeria, with its emphasis on privatesector initiative and the concomitant policies of privatization and commercialization, the economics of sports is

getting prominent attention. The minister of sports and youth development, retired Air Commodore Emeka Omeruah, says: "It is Stone Age reap the full benefit of the enormous thinking to persist in the belief that the government should continue to shoulder the burden of sports in Ni- fully points out the madequate interest



Nigerian Augustin Okocha, a star player for

A longtime proponent of privatizacustomed to the social and political advantages of sports that it emment's Vision 2010 blueprint articis easy to forget that sports - especially ulated it, Mr. Omeruah says that his soccer, in which the nation has become ministry has already started working a giant — has become one of the out the modalities of this policy. To that end, he says, sports in Nigeria have been Sports is one of Nigeria's great uni-fiers, and during its darkest diplomatic basis of their levels of development. ours, it was sports that held out a Those like soccer, which are well-developed, will soon be put on the priand acclaim. In the spirit of the new era vatization market, while less-developed ones will be put in line for privat-

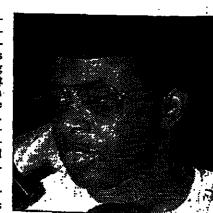
The minister hopes that by the year 2010, all aspects of the nation's sports will be sufficiently developed for the government to let go of them.

"This is the only way the nation can sporting talents that abound in the coun- it is playing host to early next year. He try," says Mr. Omeruah, who regretof big corporate bodies in Nigerian sports. He adds that the time has also come for Nigerian sports figures who have made it big outside the country to plow some of their fortunes back into sports development in Nigeria.

in Mr. Omeruah's view, the government's role in sports should be that of facilitator, providing the initial infrastructure as an incentive to those facilities," he says. interested in taking over.

Under 21 World Cup

Mr. Omeruah, as a three-time sports minister and chairman of the nation's is concerned that Nigeria is still under soccer federation, points out that last summer's World Cup in France was a nige financial success. He considers it doubtful, however, that Nigeria will be the world should also open up to Nig able to make a similar claim at the end geria," he says.



Air Commodore Emela Omerush, minister of sports and youth development.

of the Under 21 World Cup tournament attributes this to the involvement in sports by the government, where the

profit motive is hardly emphasized. He is nevertheless confident that Nis geria's preparations for the youth socoet tournament are proceeding apace. The stadium preparation and refurbishing are on course. "What is left is the finalizing of arrangements for the court munications infrastructure, like the Outside Broadcasting vans and other

While the minister has put prepar rations for next year's All African Games in South Africa in motion by inaugurating its management body, be sports sanctions from the countries

the European Union. "We have opened up to the world

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# NIGERIA: A FRESH START DIPLOMACY: COMMICTION

# DIPLOMACY: COMING IN OUT OF THE COLD

The foreign affairs minister is making international rapprochement a priority.

hen General Abdulsalami Abubakar made up his minister one of the nation's most experienced and persuasive diplomats. Ignatius Olisemeka, a two-time permanent security of the Foreign Ministry and the nation's former envoy to Kenya, Spain, the United States and Israel, was General Abubakar's man for the task of fence-mending.

The former dean of the diplomatic corps in Israel has few international arena, especially in terms of reconciliation. He says: "We are faced with the challenge of pursuing a broad policy of government, ensuring the success of the transition program and making a positive impact through a policy of domestic reconciliation as the head of state has embarked upon, in order to expand it to a policy of reconciliation with the broader international community.



General Abubakar with President Nelson Mandela of South Africa. A new access to the rest of Africa is in the making.

Ambassador Olisemeka's reasoning is that when things mind to woo back the confidence of the international community, he chose as foreign affairs

are out of alignment at home, "the influence is felt abroad."

Now that the Abubakar administration has decided to get the has been one of the biggest bones of contention, Ambassador Olisemeka points out that there is evidence for the world to see, drawing attention to the visible, verifiable and pheillusions about the challenges facing the administration in the nomenal steps that have been taken in that direction. "Some people have even started wondering whether we have not gone too far, too soon," he says.

Facing the world boldly

The diplomat says that since Nigeria's foreign policy has always been geared toward the pursuit of its strategic interests, it should continue to face the world as boldly as it has always done, "clearly demarcating who our friends and basic interests are."

That General Abubakar is succeeding in his rapprochement policy is evidenced by his two visits to South Africa in August, where, according to the foreign minister, President Nelson Mandela accorded General Abubakar a warm reception in Pretoria.

"We saw the noble gesture by Mandela manifested when he addressed the Parliament; we also saw it shown in the mutual willingness of both leaders to rene-

gotiate issues of mutual interest to the Southern Africa Development Committee and the Economic Committee of West African States," be says.

He also drew attention to Mr. Mandela's esture of singling out General Abubakar at the Nonaligned Movement summit in Durban for commendation for his courage and wisdom in positively transforming Nigeria's situation. Following General Abubakar's positive

steps to correct the errors of the past, Am-bassador Olisemeka is convinced that the time has come for Western nations' sanctions against Nigeria to be lifted, "We have been engaged in dialogue with a number of Western leaders," he says, adding that Canada, which Foreign Minister Ignatius was one of Nigeria's critics, had met with the Offs Nigerian authorities and decided to restore

sanctions to be lifted, there must be formalities," he adds. have to continue to correct the errors of the past to enable adding that he hopes the issues of sanctions, drug de-Nigeria to stand tall and proud again in the community of certification, civil aviation and foreign investment will form



nization of African Unity and the UN as a leading black and African nation.

That is why, according to him, Nigeria is discussing the issue of a permanent Security Council seat for Africa with other African nations with great interest.

To him, it is only logical that if the UN demands democratization from its member nations, it should also reform itself by democratizing its institutions. "We have a stake in the UN reforms and in adequate and equitable representation for our continent,' he declares.

United States visit

He is equally encouraged by the visit of Nigeria's head of state to the United States, during which the foreign minister hopes significant progress will be made in the ongoing fence-mending between the two countries. This visit is a breakthrough, considering that since 1984 the United States diplomatic ties. "There is a lot of goodwill for us, but for has denied visas to Nigeria's four previous leaders.

"We are expecting to discuss a lot of issues of mutual As for Nigeria's foreign policy priorities, he says, "We interest with the Americans," says Ambassador Olisemeka, nations, within the framework of ECOWAS, the Orga- the kernel of the discussions.



These Nigerian soldiers will soon be returning to the barracks.

# PROVIDING A WELCOME BOOST FOR COMMERCE AND TOURISM

Nigeria hopes to attract not only more investors but more vacationers as well as it reviews its policies in these areas

that have been injected into cently lamented this trend, yet been realized. Nigerian business statutes on but was certain that "the new, commerce and industry, for-positive steps taken by the that with the reposting of hours will soon become a to be done in the area of writer on tourism expects the eign investors have not federal government will not Patrick Aziza, a serving army reality. political situation over the investment-friendly past several years, the more tions." optimistic investors merely sat on the fence and adopted a The extra mile

Nigerians expect that private sector, which has and marketing, rather than gold during his brief stay, by wait-and-see attitude. The NACCIMA president, within the short life-span of been afforded a lot of leeway infrastructure, is the bane of not relying only on the briefs optimistically inclined like his counterparts in the present administration, in the new economic and the tourism industry" in the of officials alone, but by

Chief Kola Daisi, the na-

streamed in Rather, because only stem the divestment general, from communicaof the uncertainty and in- tide, but will also place the tions to the commerce and the good intentions stated in tor is currently doing some decessors and do more on the stability brought about by the country back on the list of tourism ministry, the admin-regard to tourism develop-soul-searching. Paul Onyian, ground. For, according to political situation over the investment-friendly na-istration intends to instill a ment over the years will be vice president of Nigeria Ho-Joseph Adebayo: "This is a Sector.

tional president of the Ni- ministration will go the extra and commissioned. It is also sponsibilities in the develop- those African, Caribbean and out." •

be challenged by the de-

mands of external informa-

Nigeria and the Economic

Community of West African

thority and the Federal Radio

As a sign of the new times,

Abubakar's to-date methods to market

Corporation.

Faced with this man of the information minister has

Nigeria to the world.

n spite of the many sa- gerian Association of Cham- mile in encouraging com- expected that port reform ment of commerce and tour- Asian countries with less-delient articles from the bers of Commerce, Industry, merce and tourism, whose measures will remain, and ism in the country. "capitalist manifesto" Mines and Agriculture, re-enormous potential has not that the new administration pledge that goods at the ports Getting the word out

> new sense of vigor in the translated into action. It is, tels Association, argues that rare opportunity for General therefore, pertinent that the other areas of commerce, are the Export Processing Zone business order, is coming to country. hoping that the Abubakar ad- in Calabar will be completed better grips with its own re-

Nigerians are hopeful that munications, the private sectime at his desk than his pre-"lack of adequate promotion Aziza to etch his name in

veloped infrastructures still attract more tourists to their countries.

making sure physical tours of He points out that even our destinations are carried

Tunji Oseni, former managing director of

### - In His Own Words -**On Emerging Nigeria**

Abubakar's two successive visits to South Africa, his address to the United Nations and the contact with the international media litustrate that there could be sufficient goodwill to refurbish the luster of economic diplomacy.

the Dally Times of Nigeria and media

sworn in as the new of how far the power of hon-

information and culture min- est, persuasive appeal to rea-

ister, he promised the nation son can go in achieving ob-

had been passed off as in- choice of Mr. Nwodo as his

he would henceforth not just conciliation is appropriate.

"inform the people about the Mr. Nwodo understands and

government," but would empathizes with the mem-

about the people." For him, insisting that some curbing

the government was there for provisions must be expunged

the people and not vice from the constitution, a mea-

a new deal in information jectives.

tomed to the monologue that dulsalami

The minister, who comes mulgated.

formation.

shake Nigerians' resolve 'General Abdulsalami about their commitment to their democratic pledge. A turnaround from pariah status can translate for Nigeria into investments, international goodwill and cooperation. A lot will depend on how Nigeria uses the opportunities that are now knocking."

"The military administration should, however, do nothing to

NEW TACK FOR INFORMATION

Government information is on the way to becoming a two-way street.

If "the medium is the mesgerians had become accus- sage," then General Ab- need to employ the most up-

chief spokesman and infor-

mation manager in this era of

that would change, and that national and international re- tion centers abroad with the

also "inform the government bers of the press, who are States, and improving the

sure that will soon be pro-

who served as aviation min-who served as aviation min-ster during the Second Re-ernment that aims to fashion houses, including those

public of President Shehu a new beginning, members banned in the past, and been

Shagari, is not new to ef- of the media are confident welcomed.

**ACTIVE STANCE FOR WOMEN** Nigerian women are influencing the circumstances in which they live.

First Lady Fati Abubakar.

en political leaders well-known to Nigerians, like Queens Amina, Idia and Women and the Family Support Program, Moremi, left indelible legacies on the political landscapes of their different kingdoms in at poverty alleviation and improving the lot what is now Nigeria.

Nigerian women have long been partners to their male counterparts in various sociopolitical causes. In 1929, Aba market women confronted the assaults of colonial

their husbands. Today, women are an indissoluble part of Nigeria's national history: Fumilayo Ransome-Kuti led and won the fight for women's voting rights in the early 1950s, Gambo Sawaba defied the restrictions of religious and cultural backgrounds, and Janet Mokelu and Margaret Ekpo were Nigeria's first two elected female legislators.

Local and global

John Nnia fective information manage- that they and the government In more recent times, dynamic fler John Nnia fective information manager will find a satisfactory meetwas ment. Neither is he unaware will find a satisfactory meetment. Neither is he unaware will be a satisfactory meetment. Neither is he unaware will be a satisfactory meetment. Neither is he unaware will be a satisfactory meetment. Neither is he unaware will be a satisfactory meetment. Neither is he unaware will be a satisfactory meetment. Neither is he unaware will be a satisfactory meetment. Neither is he unaware will be a satisfactory meetment. Neither is he unaware will be a satisfactory meetment. Neither is he unaware will be a satisfactory meetment. Neither is he unaware will be a satisfactory meetment. Neither is he unaware will be a satisfactory meetment. Neither is he unaware will be a satis ing ground. en who have found them-Mr. Nwodo's tenure will selves in leadership positions in business as well as govemment have been able to

tion management and by the sustain this tempo of achievements, not only an would continue to lead her counterparts on within the nation but also, and increasingly, on the international level. Many of them have distinguished themselves in sports and cul-These challenges include tural activities, raising the profile of their equipping Nigerian informa- country.

Yet in all these endeavors; the Nigerian woman has hardly departed from her primary and traditional role as tender of the family. If anything, she has successfully continued to technological performance rican family. This is the source of the Ni-of the Nigeria Television Augerian woman's realization that she should ticulation of social programs that are aimed at civil strife." improving the lot of women and their individual households.

Long before the United Nations World expand the frontiers of their activities in order worth."

T n the past two centuries, visionary wom- to achieve greater social relevance. In this way, programs like Better Life for Rural Women and the Family Support Program, of nuclear families, metamorphosed into programs with a larger geographical scope and

significance. Addressing the West African First Ladies Summit in Accra, the Ghanian capital, on police while resisting the overtaxation of July 27, Nigeria's first lady, Fati Abubakar, a

high court judge, recalled the genesis of this humanitarian initiative for peace on the continent and the pioneering role played by her predecessor, Maryam Abacha Nigeria was host in 1997 to the first West African First Ladies Summit, which took important resolutions for the betterment of African women.

In this regard, Mrs. Abubakar pointed out that the first ladies' peace initiative had delivered relief aid and helped in the rehabilitation of refugees in different theaters of conflict on the continent. Nigeria's first lady assured the

world that the Nigerian womthe continent in heeding the cries of victims of civil strife in Africa.

This concern for the victims of conflict on the African continent will be upheld by the continuing commitment of First Lady Fati Abubakar to this cause.

Noting the achievements of the initiative in such countries as Liberia, Sierra Leone, Congo, Angola, Somalia and the Great Lake redefine and expand the frontiers of the Af- region, Mrs. Abubakar pledged the Nigerian woman's "collective solidarity with the suffering women and children, as well as the no longer be content merely with the ar- thousands of displaced persons affected by

She went on to invite all men and women of goodwill in Africa and around the world to "join us in this endeavor so that our suffering Conference on Women in Beijing in 1995, women and children in those countries may Nigerian women had discovered the need to begin to regain their sense of dignity and self-

## USEFUL ADDRESSES

Bliateral Chambers of Commerce in Nigeria c/o Clara Osinulu AAPS Representative Office in Nigeria

Hamburg House 33/35 Martins Street P.O. Box 2382 Lagos

Headquarters 838 United Nations Pla New York, NY 10017 U.S.A.

Tel.: (1 212) 947 5666 Lagos Chamber of Commerce and Industry

Commerce House 1 Idowu Taylor Street Victoria Island P.O. Box 109 Lagos

Tel.: (234 1) 613 898 Manufacturers Association of Nigeria MAN House

77 Obafemi Awolowo Way, Ikeja P.O. Box 3835 Lagos Tel.: (234 1) 967 482

**National Maritime Authority** Plot 1970 Michael Okpara Way Wuse Zone 5 Abuia

Tel.: (234 9) 523 7025 The Chartered Institute of Bankers PC 19 Adeola Hopewell Street

Victoria Island P.O. Box 72273 Lagos gerian National Petroleum Corporation 7 Kofo Abayomi Street

Victoria Island PMB 12701 Lagos Tel.: (234 1) 269 0470 78

Nigeria Enterprises Promotion Board 72 Campbell Street Lagos Nigeria Port Authority

26/28 Manna Lagos Tel.: (234 1) 260 0620 1, 263 1882 Nigerian Shippers Council Plot 51 Usuma Street Maitama District PMB 296, Garki

Abuia Tel.: (234 9) 523 0653 National Insurance Corporation of Nigeria (NICON)

Plot 4 Sfax Close Off Herbert Macaulay Way Wuse Zone 4, PMB 5029 Abula

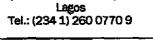
Tel. & fax: (234 9) 523 7126 4 Nigeria Deposit Insurance Corporation 447/448 Central Business District

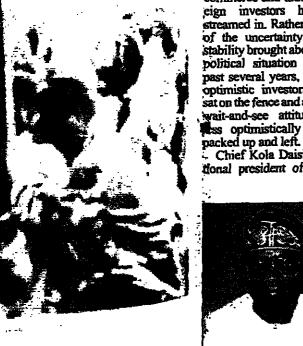
(Along Airport Road) PMB 284 Abuja Tel.: (234 9) 523 7710

Fax: (234 9) 523 6007 institute of Chartered Accountants of Nigeria (ICAN) Plot PC 16 Idowu Taylor Street

Victoria Island Lagos Tel.: (234 1) 261 4235 Nigeria Telecommunications Limited (NITEL)

3/5 Tafawa Balewa Square







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### Guidi Takes a Stage

CYCLING Fabrizio Guidi of Italy and the Polti team won the 18th stage of the Tour of Spain on Wednesday, his third victory in the 22stage cycling marathon. Abraham Olano of Spain and the Banesto team remained the overall leader.

Guidi covered the 223-kilometer (138-mile) flat run from the northern city of Leon, south to Salamanca, in 5 hours, 59 minutes and 40 seconds, winning the leg in a sprint finish.

With four stages to go, Olano remained 22 seconds ahead of Laurent Jalabert of France and the ONCE-Deutsche Bank team in the No. 2 spot. Olano also stayed 31 seconds ahead of his third-place Banesto teammate and fellow Spaniard, Jose Maria Jimenez.

(Lance Armstrong of the United States has battled back from cancer to compete in the Tour. Page 27.)

### **Manchester Fans Unite**

SOCCER More than 28,000 letters were mailed to Manchester United shareholders Wednesday as part of a campaign to stop the takeover of the club by Rupert Murdoch's British Sky Broadcasting Group.
The United board has accepted

the proposed £623 million (\$1.04 billion) deal, which still needs approval of the club's shareholders and government regulators. A group called Shareholders United Against Murdoch has written to all registered shareholders urging them to oppose the deal.

Michael Crick, who started the campaign at a central Manchester post office, said: "We want to get one message across to the small shareholders: It's very important they do not accept this deal." (AP)

### Oldest of Old Timers Dies

BASEBALL Chet Hoff, known as Red, the oldest former major league baseball player, is dead at 107. Hoff was buried Tuesday in his birth-place of Ossining, New York. Hoff was 2-4 with a 2.49 ERA in

23 games over four years in the majors. He signed with the New York Highlanders, who later beeme the Yankees, in 1911. (AP)

# WORLD ROUNDUP For Griffey, 140 RBIs **And Lofty Company**

Ken Griffey Jr. hit two home runs and joined Babe Ruth and Lou Gehrig as the only players to drive in 140 runs in three consecutive seasons as the Mariners downed the Oakland Athletics, 7-6, in

Griffey, who has 140 RBIs, hit solo homers in the third and fifth innings to give him an AL-leading 55 homers.

Baseball Roundup

Seattle's Alex Rodriguez hit his 41st home run to set the AL record for home runs by a shortstop. He passed Rico Petrocelli, who hit 40 home runs in 1969. Jamie Moyer (15-9) pitched six in-

nings in the game Tuesday night, giving up nine hits and four earned runs while striking out nine. Mike Timlin pitched the ninth for his 18th save.

Red Sox 11, Tampa Bay 2 Host Boston broke out of a hitting slump and closed in on the AL wild-card berth, bearing Tampa Bay behind Pete Schourek's first victory after more than six weeks with the Red Sox. Boston remained 31/2 games ahead of Toronto, which beat Blue Jays 7, Orioles 3 In Toronto, Jose

Canseco set a new career high with his 45th and 46th home runs as the Blue Jays beat the Orioles. Canseco surpassed his previous career best of 44 in 1991 when he hit a two-run bomer in the first.

Yankees 10, Indians 4; Yankees 5, Indians 1 In New York, Hideki Irabu pitched eight strong innings, and the Yankees beat Cleveland to complete a sweep of a day-night doubleheader.

In the first game between the AL division champions, a rookie, Shane Spencer, hit two home runs for the Yankees. Spencer got two more hits in the second game as the Yankees improved to 109-48, tying the win total of the 1961 Yankee team, leaving them behind only the club mark of 110 set in 1927.

White Sox 4, Twins 1 In Minneapolis. James Baldwin came within three outs of his first career shutout and Chicago beat Minnesota for its fifth straight victory.

Tigers 14, Royals 4 Luis Gonzalez homered and drove in four runs, leading visiting Detroit over Kansas City. Gonzalez capped a four-run fourth inning with a three-run homer and added an RBI single in a four-run ninth.

Rangers 9, Angels 1 Rick Helling al-

lowed three hits in eight innings for his 20th victory as visiting Texas opened a

two-game AL West lead. Helling (20-7) allowed just two base runners over the first seven innings. He allowed just six balls out of the infield, while striking out five and walking

In the National League: Expos 5, Mets 3 In New York, the Mets dropped back into a tie for the NL wild-card lead, blowing a three-run lead over the Expos on Orlando Cabrera's

tie-breaking two-run single. New York is tied again with the Chicago Cubs. Each team has four

games remaining. Cubs 5, Browers 2 In Milwankee, Sammy Sosa failed to close in on Mark McGwire in the home run race, holding at 63 — on Tuesday night. But he clubbed his 64th in the 5th inning on Wednesday against the Brewers.

Cardinals 4, Astros 9 Mark McGwire failed to add to his major league record 65 home runs, but Matt Morris recorded his first major league shutout as host St. Louis won its sixth in a row.

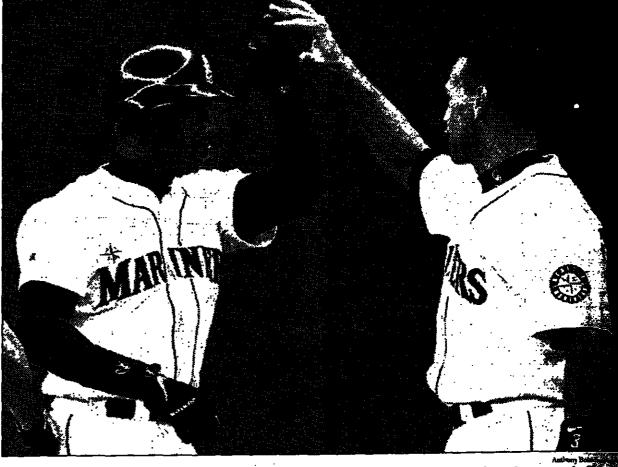
Braves 4, Marline 1 Eddie Perez's solo home run gave the visiting Braves 208 homers this season, breaking a 32-yearold franchise record. Kevin Millwood (17-8) allowed one run and six hits in five innings. Kerry Ligtenberg pitched a perfect ninth and became the first NL rookie to collect 30 saves since St. Louis's Todd Worrell in 1986.

Diamonthucks 8, Rockies 6 In Denver, Colorado's Mike Lansing hit three home runs, but Arizona's Karim Garcia hit two of the Diamondbacks five home runs. Devon White, Kelly Stinnett and Travis Lee added homers for the Dia-Phillies 10, Reds 8 Cincinnati's Todd

Williams walked three batters in the top of the 11th inning to force in the goahead run for visiting Philadelphia. Dodgers 3, Padres 2 In Los Angeles, Chan Ho Park scattered six hits in eight

innings, and a rookie, Adrian Beltre, hit

a three-run homer to lead the Dodgers. Giants 14, Pirates 2 Barry Bonds homered, tripled and singled before leaving because of back spasms as host San Francisco kept its wild-card hopes alive. The Giants closed to within 2½ games of New York and Chicago, the co-leaders in the NL wild-card chase, with five games left.



Ken Griffey Jr. of the Mariners, left, getting a salute from teammate Alex Rodriguez after a home run in State

# McGwire and Sosa, This Bud's for You

New York Times Service ILWAUKEE - When the baseball commissioner's of-fice was in New York, former commissioners from Ford Frick to Fay Vincent had lunch in their favorite fancy

But on Tuesday, Bud Selig, the new commissioner, drove over to where he has had lunch for more than three decades: Gilles drive-in, the one with a neon "Frozen Custard" sign on the roof. The commissioner usually has a hot dog, but this time he ordered a grilled cheese sandwich with his usual Diet Coke. Along with a cheeseburger and a lemonade for his visitor, the bill was \$5.63.

Sitting in his black Lexus sedan, the commissioner was munching on his sandwich when several teenage boys, students at nearby Pope Plus XI High School, walked by Several said hello and one had a question.

"Is Sosa going to hit a home run tonight?" the boy asked.

too good lately," the commissioner said knowing that Sosa had already hit 10 homers against the Brewers. Then he laughed, "I can say that now." He can say that now because, after

nearly three decades, he is the commissioner instead of the Brewers' owner and president.

More important, Selig is the commissioner just when all those home runs by Mark McGwire and Sammy Sosa have done for baseball after the 1994 World Series cancellation what all those home runs by Babe Ruth did for baseball after the 1919 Black Sox scandal.

"My father always told me that to be successful, you have to be lucky, too," Selig said. "And with McGwire and

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38 Welcome to

Goodbye Girl

Vantage Point/DAVE ANDERSON

Sosa we've been lucky. Not just because of the home runs, but because of how they've handled all this with such class and dignity and graciousness."

say, Albert Belle and Barry Bonds, both surly and snarling, were hitting all these McGwire and Sosa, the magnets for a

lion for each major league team this season, established what Selig called a "focus on the field" rather than on labor strife. It was that divisiveness that led to Selig's becoming the acting commissioner before the owners voted him

work stoppages in baseball, but the next generation can't have any stoppages,

But can another labor dispute be averted? "I think it can: I have a lot of ideas I don't want to talk about yet," he said.

Brewers, Selig solved one of the Milwaukee franchise's problems by putting together the financing for Miller Park, which will open in 2000 with a retractable roof and natural grass. As the acting commissioner, he had a reputation for quietly being able to persuade

"John Fetzer, the Tigers' former owner, once told me, "The best owners

Perhaps with that in mind, Soling in tends to remain in Milwankee, where he has lived all his life, where he grew up rooting for the minor league Brewers before adopting the Braves when hey moved here from Boston in 1953. He's still at his big in the Brewers' tiny offices, but he'll soon move into a new commissioner's office on Wisconsin

Avenue downtown. "I'll be in New York half the time too," he said, alluding to Major Leagul Baseball's headquarters there.

But when the new commissioner goes to those midtown Manhattan restaurants where all the other commissioners had hunch, he won't be able to get by on.

### **Home Run Derby**

Home run tally for baseball's leaders. Mark McGwire of the St. Louis Cardinals and Sammy Sosa of the Chicago Cubs.



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projected average attendance of 2.4 mil-

the title July 9.

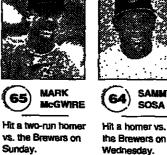
This generation lived through eight

he said. "As heartbreaking as the can-cellation of the 1994 World Series was, think we can, we will have learned a valuable lesson.

As the owner of the small-market

owners to solve bitter problems.

and commissioners are the ones you read about the least," Selig said.



### **CROSSWORD**

### **ACROSS** 1 See 28-Down 6 \*Bleek House oid and others

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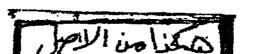
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### **SPORTS**

# The Toward Flo-Jo's Coach Says Initial Autopsy Could Not Determine Cause of Death

By Jere Longman

New York Times Service

, NEW YORK - Authorities continned performing an autopsy to try to determine the cause of death of the 1988 Olympic sprint champion, Florence Griffith-Joyner, who did not wake from her sleep on Monday morning at her home in Mission Viejo, California

Hector Rivera, a spokesman for the Orange County coroner's office, said that it was not uncommon for an autopsy to extend into a second day and that toxicology tests were routinely performed in a case of sudden or unknown death. The results of the autopsy may not be known for several days or several weeks, he said.

Bob Kersee, who coached Griffith-Joyner and was related to her by marriage, said at a news conference in Los Angeles on Tuesday that an initial autopsy did not determine the cause of death and that a more extensive autopsy was being performed.

Kersee also backed away from a

statement issued by a family spokesman on Monday that Griffith-Joyner was believed to have died from a heart seizure. "We have no idea why Florence left us," said Kersee, who is married to the track star Jackie Joyner-Kersee, whose brother, Al Joyner, was married to Grif-

Griffith-Joyner had suffered a seizure two years ago while on a flight from California to St. Louis, Kersee said, and was taken to Barnes Jewish Hospital in St. Louis, where she underwent several tests. The doctors could not find anything wrong, and Griffith-Joyner was released the next day, he said.

Todd Cooper, a hospital spokesman. confirmed that Griffith-Joyner had been treated, but added that "her stay here was not related to any cardiac event or problem." He said he had no further information about Griffith-Joyner's symptoms or meatment

Kersee said that Griffith-Joyner had suffered from exercise-induced asthma and migraine headaches, but not from

"little tired" on Sunday night, he said, but added that "there were no signs whatsoever that Florence was ill." He called her death a shock.

Because the autopsy report has not yet been issued, and because there is only scant public knowledge of the medical history of Griffith-Joyner and her family, doctors not involved in the case cantioned that it was premature to draw any conclusions about the cause of her death. They stressed that she could have had heart disease that had no connection to her past as an athlete, or that she could have died from some other cause, such as an aneurysm.

Doctors also said that rhythmic abnormalities in her heart could have caused electrical problems that would not be evident upon autopsy. 'Thirty-eight years old is a premature

death, but the fact that one is an athlete doesu't make an individual immune from all the other ailments that befall mankind," said Dr. Gary Wadler, an internist and sports medicine expert who heart problems. She reported being a is an associate professor at the New

Sudden death affects 200,000 to 400,000 Americans each year, according to a 1994 study published in the Journal of the American College of Cardiology.

Studies of athletes who die of cardiovascular reasons during exercise have generally shown that younger athletes tend to die from structural problems of the heart, cardiologists said Tuesday. The most common cause is hypertrophic cardiomyopathy, a thickening or enlargement of the heart muscle. Older athletes who die during exercise are more likely to have coronary artery disease, such as a narrowing of the arteries, cardiologists

At 38, Griffith-Joyner was in the middle range between young and old. And she died during her sleep, not during exercise. However, the causes of sudden death for athletes who are not exercising are "not dissimilar" to the causes for athletes who die during exercise, said Dr. Steven Van Camp, a San Diego cardiologist who conducted a 10-

York University School of Medicine. year study of exercise-related deaths among high school and college ath-

> "I would anticipate a structural abnormality would be found in the autopsy. Van Camp said of Griffithautopsy, Joyner, basing his opinion on early re-ports that heart problems were suspected in her death.

> Dr. Paul Thompson, a cardiologist who is president of the American College of Sports Medicine and director of preventive cardiology at Hartford Hospital, said he thought that scarring would be found in Griffith-Joyner's heart muscle.

"The question is, where did she get it?" he said. "Was it from an old heart attack? A burned-out viral infection? Sometimes you never settle the ques-

Because her record-setting performances at 100 and 200 meters were so stunning, Griffith-Joyner faced rumors and accusations from competitors that she had used such performance-enhancing drugs as steroids and human

growth hormone. But she did not fail any drug tests, she denied using drugs, and there is no evidence that she did.

Kersee dismissed such talk Tuesday. as jealousy on the part of other athletes. "In the sports world, unfortunately, athletes and organizations play the role of tarnishing people," he said.

Doctors cautioned that there is only theoretical evidence, not proof, that steroid use can increase the risk of heart disease by reducing the so-called good cholesterol, and by making an athlete more susceptible to plaque buildup and clotting in the arteries. In the absence of long-term studies, the evidence remains anecdotal and the scientific link remains tenuous, doctors stressed.

"I'm not convinced that anabolic steroids increase the risk of cardiac disease," Thompson said. The harmful effects of steroid use may be accentuated more in women than men, he said, but he added: "I think a connection to steroid use is impossible to prove. There are some theoretical connections, but the smoking gun is not there.



to Naoko Sawamatsu, whom she beat, 6-3, 3-6, 6-3, Wednesday in the 2d round of the Princess Cup.

# Armstrong, From a Long Way Back, Cycles Near the Lead

By Samuel Abt International Herald Tribune

PARIS - Lance Armstrong has a new philosophy - finish what you start -

and, he reports happily, it's working like a charm. "Armstrong's the man of "I'm doing pretty good "He's been quite amaz-the year," says a longtime and I feel very good," he ing," said Armstrong's dirrival, Laurent Jalabert, the said. trial 10 days ago, Jalabert ad- initely been a success." ded: "He's come back from

"I'm pleased so far," Armstrong said on the phone from Spain, where, somewhat to his

or Tour of Spain. It ends Sun- mission and he feels fine. day in Madrid, and he has a difficult days in the mountains Thursday and Friday and has after his major goal of the seaanother strong race against the son, the world championship clock Saturday.

Frenchman who ranks first among the world's profestour, I've never been top 10 sional bicycle racers. After before," he added. "I've nev-

The Texan, who turned 27 so far down that you can't Friday, has come a long way in cing, it's because you're publicly explained his reasigned a contract to race again to be there and plan to finhelp admire him."

this comeback season from a climbing very well yourself. sons for withdrawing and next year for U.S. Postal Seriesh." year away from the sport while It's amazing. he was recuperating from testicular cancer that spread to surprise, he ranks ninth over- his lungs and brain. After all in an extremely demanding months of chemotherapy late three-week Vuelta a Espana, in 1996, his cancer is in re-

"I wouldn't be here if I chance of moving into the top didn't," he said. His next five if he gets through two checkup is scheduled in a few weeks, probably in Europe

road race in the Netherlands. ecteur sportif with the U.S. Postal Service team, Johnny Weltz. "He's better now than he was before he got sick. In Armstrong finished sixth er been in the front group in this race, you've got most of among 169 riders in a time big climbs, so for me it's defthe best climbers in the world. So if you're up there with them after two weeks of ra-

> Armstrong brushed off planned to use the Vuelta as a June and won the Tour of training race for the world Luxembourg and a minor championship, dropping out race in Germany.

after two of the three weeks. "I was always planning on doctors, he did not compete in which was delayed by his race. doing the full three weeks," he the Tour de France in July but schedule after his marriage in: Europe in July, that was the United States, where he won finish every race I entered." He has, too, from a fourth place in the Tour of Holland to finish first in the U.S. proresults back in the pack in the

August one-day classics. His new determination can be traced to the Paris-Nice like that feeling," Armstrong race in March, where he said from Spain. "So I said to dropped out on the first road myself I can't put any presstage after leading a long sure on myself to perform, but chase in cold and rainy weath- I have to finish." er. While Armstrong has not heading home to Austin, he did some soul-searching bespeculation that he had fore he returned to Europe in

insisted. "After I came back to continued training in the May. only goal I set for myself: to the Cascade Classic and rode the season ends late in Oca strong support race to help a tober include Paris-Tours, the teammate, George Hincapie,

fessional championship.

Armstrong has already vice. "I'm comfortable with this group," he said. "It doesn't have a lot of internal

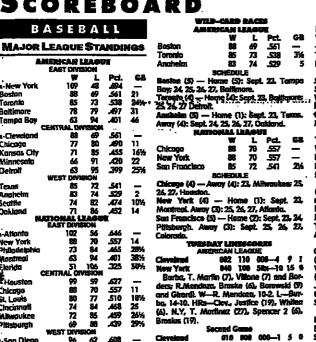
Citing the advice of his Caribbean late in the fall.

Tour of Lombardy and es-: pecially the world championship in the Netherlands on "At Paris-Nice, I really felt Oct. 11. The course, includthat I left a quitter and I didn't ing 17 climbs of the tiring Cauberg hill, is considered to be tailored for strong riders.

"I've heard it's a good course for me," he said, I really don't know what's: good for me or not. But I plan

"I've finished two worldchampionships," he noted. "One of them I won and the pressure." Otherwise, he is other I was seventh. I'm allooking ahead only to his hon- ways in the thick of it when I. eymoon, probably in the finish.'

### SCOREBOARD



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ong, U.S., US Postal Service, 3:20: 10, Osenzind, Switz. Mapel, 4:10.

GOLF PRESIDENTS CUP

Standings for Presidents Cup Match to be played Dec. 11-13 at Royal Melbourne Golf Club In Australia. U.S. player points are based on official money samlings from start trage of orices money serings from sur-of 1997 season through Tour Champion-ship. The International team will be deter-mined by Official World Ranking at con-clusion of Tour Championship, and will not include any player eligible for European Ry-der Cup team. Top 10 earn positions, and

1. David Duval 6,025,874 2. Tiger Woods 5,474,966 3. Phil Mickelson 4,736,681 4. Jim Furyk 4,524,568

5. Mark O'Mento 4.499,277 & Justin Leonard 4.145.458 7. Davis Love III 3,635,691
8. Scott Hoch 3,674,754
9. Fred Coupies 3,574,363
10. Mark Colcovecchio 3,296,572
11. Lee Janzen 3,014,996
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13. Tom Lehman 2,749,012
14. Jeff Skutten 2,609,081

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10. Mark McNulty, Zimbabwe, 3.17 11. Frankle Minaza, Philliphines, 3.11 12. Carlos Franco, Paragov. 3.02 14. Jae Ozaki, Japan, 2.84 15. Edvardo Romero, Argentina 2.58 SOCCER

9. Frank Nobile. New Zealand, 3.24

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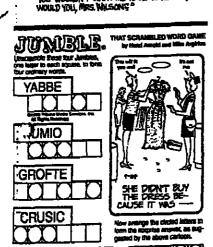
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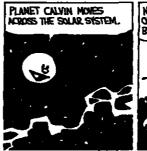




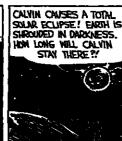




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sidered it a sexual act if a male

I don't consider it a crime if a

female nuzzles the male.

That's nothing more than

horsing around. I once had an

I want to make it as clear as

possible: I've done nothing

that any world leader - with

the exception of Margaret Thatcher — wouldn't have

done. This is a witch hunt, and

I hope this column is the last

we're going to hear about it.

Finally, I do not believe

plagiarism is the same as sex.

Sex is a terrible thing, while

Readers are warned that

whether young interns should

intern who worked for me -

ah, why talk about her?

NEW YORK — Readers myself, but I have two dogs are warned that this that are involved in some form column contains strong lan- of it constantly. I never conguage and sexual content.

I am sorry I had to do this, nuzzles the female, but legally but I had no choice, as 656 witnesses have testified against me.

Let's take care of the gifts first. I did give Madonna sev-

which she appreciated very Then much. when I felt that these gifts could get me in trouble, I told my secretary, "Mildred, get them back." Buchwald

Madonna refused to give them back, especially the Black Dog T-shirt from Martha's Vineyard.

fartha's Vineyard.

Readers are warned that all do if we get away with it. this part of the column has even stronger language and this column has not come to has sexual content that could any conclusions. Each person destroy someone's chances of must decide for himself

getting Social Security. I have been asked many be allowed to play in the

times for my definition of a White House sandbox while sexual act. I can't speak for the president is in residence.

Rimbaud Manuscript to Be Sold Agence France-Presse

PARIS — The manuscript of Arthur Rimbaud's "Une Saison en Enfer," which had been thought lost, will be auctioned off in November, the newspaper Le Figaro reported

The paper said that the original of the poem, completed in 1873, had sat on a collector's bookshelf since 1950. The collector, Jacques Guerin, said he had come across the manuscript in a London bookshop in 1938. "It was just sheets of paper, dirty, torn, worm-eaten," he said, and he had been unable to afford the "exorbitant" price demanded. Then, in 1950, he acquired the "treasure" from another dealer. Since then, it had never moved from his library and it had been shown to no one, he said.

Rimbaud, an enfant terrible of French literature, was thought to have given up writing poetry after "Une Saison en Enfer" (A Season in Hell), a confessional work in which he renounced

Ten other Rimbaud manuscripts that were in Guerin's possession will also be auctioned.

# Dark Balkan Comedy and Black-Sheep Directors

By Joan Dupont International Herald Tribune

TORONTO — They still call their country Yugoslavia, and make dark comedies about Belgrade, their city.
Goran Paskaljevic's "The Powder Keg" and Srdjan Dragojevic's "The Wounds," set in a country in ruins, both focus on the internal decay that festers in the Serbian capital.

The directors are years apart and from different schools of filmmaking: Paskaljevic has made 15 films and is known as a master, Dragojevic burst on the scene in 1996 with "Pretty Village, Pretty Flames," an incendiary antiwar movie, Viewed with suspicion by the regime, they turn up at festivals, urban guerrillas on the run.

"I'm in clear opposition to the regime, and to the opposition too," said Paskaljevic, 51, who lives in Paris and films in Belgrade. "Five years of embargo didn't touch the power elite, but it hurt the people — we need to open to the world; instead we're shut off. I thought it was time to tell the

story from the Serbian side."
"The Powder Keg" received a standing ovation at the Venice film festival, where it won the International Critics Prize; at the Toronto festival, the film evoked fervent applause from a young audience that included immigrants

applanse from a young additate that included intingrains from the former Yugoslavia. But at home Paskaljevic is known as the regime's black sheep and, mysteriously, government funding never came through.

Dragojevic's "The Wounds" — which he compares to Stanley Kubrick's "A Clockwork Orange" as a similar treatment of delinquents out of control — has suffered similar treatment: The movie outstripped "Titanic" in Yugoslavia in its first week of release; then the regime 'Tied to spuff it out by banging television advertising "Time". to snuff it out by banning television advertising. "I'm

scared, not for my life but for my career, which is the same," said Dragojevic, who is 36. "I'm a little depressed, and thinking of emigrating. I finished a period of my life."

Paskaljevic adapted "The Powder Keg" from a play by the Macedonian playwright Dejan Dukovski. The movie, a mosaic vision of Belgrade today and a devastating critique, involves louche and pathetic characters who meet by might refugees from Bosnia-Herzegovina, cab drivers, smugglers, budding delinquents. "They are caught up in a spiral of Balkan madness," Paskaljevic said, "but they haven't lost their sense of humor."

The director shot the whole film at night during nine weeks,

'because I think that night has fallen on my country.''
"When you make film in Yugoslavia, state TV always

provides 15 percent of the budget. But suddenly, the money didn't come through; nobody explained and I'll never know why. Without [the French pay-television channel] Canal Plus and my French producer, we didn't have a movie."

The director's mother is Serbian, his father half-Greek, from Thessaloniki. "The film will open the Thessaloniki father half-Greek, from Thessaloniki." festival this fall, and it will be the first Serbian movie released in Sarajevo. It's a Balkan movie, a Balkan cabaret."

Paskaljevic, married now to a French women, in his third marriage, and with children in Belgrade from a former marriage, moves back and forth. "I demonstrated on the



streets for justice and tolerance, but there's been nothing but more corruption. I blame my generation; we're all guilty. In our macho society, children suffer and women suffer. If women said no to war, there would be no war. Men have more vanity — that's how the war started.

He does not have a good relationship with Emir Kus-turica, the prize-winning Bosnian director who also lives in Paris. "We don't like each other. He's more baroque in his style, but he's honest in what he's doing. I don't care about competing because filmmaking is not a sport."

Like Kusturica, Paskaljevic attended Prague's FAMU film school. "Tve stayed faithful to what I've always done—neorealism, filming simple people. The first film that touched me was "The Bicycle Thief," and even though "The Powder Keg"

has a complicated structure, I stay close to the faces."

The Taviani brothers, the Italian directors, were at Toronto, and after the screening, Paolo Taviani addressed the director from the audience. Paskaljevic said, "He said, 'Your film is full of violence, humor and pain, but through this pain you get to humanity. The movie made me understand the Serbians much more than any newspaper article.'"

Paskaljevic thinks Dragojevic's "The Wounds" is a courageous film. "He made a personal film, a very political film, nearly a pamphlet; he's very talented. He's been accused of betraying the Serbiane, others say he made an amplication.

betraying the Serbians; others say he made an apologia when you touch a theme that's so hot, you get burned."

Dragojevic's films have always performed well at home 'Pretty Village, Pretty Flames' sold 700,000 tickets and he was surprised by the sudden ban on TV advertising.



Goran Paskaljevic, left, and Srdjan Dragojevic have made films that aim to depict the decay of Belgrade.

"They didn't ban the movie, but they interfered with promotion. We tried to combat them by organizing premieres in the provinces, creating events. And the movie will have another life on black market video." But he knows that his real troubles have just begun and that he may never be able to make another film in Yugoslavia.

"The Wounds" is based on a true story about two teen: criminals who started as friends and turned on each other. One boy shoots the other four times and his victim survives. for a terrible moment of reckoning. "He gets to shoot his friend back and make four identical wounds. This is a story about a war away from the front lines, about the new generation, wounded psychologically, polluted by the moral values. In my day, we went to university. If I were 16 now, wouldn't be a director, I'd be a criminal.

Before film, Dragojevic studied psychology, practiced as a transactional analyst, and published three books of poetry. "In 'The Wounds,' I use my experience as a psychotherapist to throw the spectator off balance, to make him uncomfortable: One minute, you laugh, the next you're ashamed."

He chafes at being hemmed in by the regime and feels misunderstood abroad. He says that Venice rejected both "Pretty Village" and "The Wounds." "They think my films are pro-fascist. We live in a ghetto: We get no funding from the European Community, we count on foreign support and investors like Studio Canal Plus. I know my movies don't look like mainstream European movies," he added, "but I can only make my own kind of films — I have to use

# **PEOPLE**



STAGE AND SCREEN — Tom Cruise and his wife, the actress Nicole Kidman, leaving the Donmar Warehouse theater in London, where Kidman made her stage debut in David Hare's "The Blue Room."

THE curtain went up this week on an off-Broadway play about a gay Christlike figure that has infuriated religious groups. Several members of the Franciscan Friars of the Renewal — who wore gray robes and sandals, some carrying crosses — held a prayer vigil out-side the Manhattan Theater Club as Ter-rence McNally's "Corpus Christi" debuted to a full house. About 100 people protested, with some carrying placards saying "Why Mock Jesus Christ?" and "Don't Support Blasphemy." A spokes-man for the play refused to discuss the script, saying McNally preferred to let

Manila is considering a ban on movies featuring Claire Danes because of remarks she made about the city to U.S. magazines. Kim Atienza, a city councilor and son of Manila's mayor, said councilors had dismissed comments she made in Vogue magazine in April describing Manila as a "ghastly and weird city" as "mere irresponsible statements

of youth." But he said the actress went

'Corpus Christi'' speak for itself.

"overboard" in a recent interview with Premiere magazine by saying Manila "smelled of cockroaches, with rats all over and that there is no sewerage system and the people do not have anything
— no arms, no legs, no eyes."

Jim Carrey suffered a minor neck injury while filming his movie about the life of the late comedian Andy Kaufman. Carrey and the professional wrest-

ler Jerry Lawler were filming the last scene of the movie in Los Angeles, when, as part of the script, the comedian spit at the wrestler, according to Eric Gold, Carrey's manager. Lawler then allegedly attacked. "Jim was immersed in the role as Andy, played it as Andy would have," Gold said. Carrey was treated at a hospital and released.

A London-based television producer

# Charles I's Shirt Is Deemed an Impostor

Agence France-Presse

ONDON - The shirt that was supposedly worn by Charles I of England to keep him warm as he awaited death on the scaffold 350 years ago is no longer thought to be authentic.

Experts at the costume department of the Victoria & Albert Museum examined the shirt, a prized exhibit at Windsor Castle, and told The Daily Telegraph on Wednesday that the garment was in fact a women's nightgown.

The experts made their discovery eight years ago, when they were called in

to authenticate the exhibit, but the curators of the Royal Collection decided to keep it a secret. Queen Elizabeth II, who is said to enjoy showing guests the shirt after dinner, had not been told about the experts' determination.

is suing the model and actress Cindy Crawford, claiming he has at least par-tial rights to "Sex With Cindy Craw-ford," an ABC special. The program was a discussion of American sexual attitudes, habits and knowledge. The producer, Peter Stuart, says Crawford breached a joint-venture agreement she had with him and his Rapido Television company when she contracted with ABC to do the show without Stuart.

group of mourners at a private burial service in Argentina for her mother, Susan Barrantes, who died in a weekend car crash. The rites were conducted at El Pucara, the country estate where Barrantes was buried alongside her husband, not far from the grounds where they once raised polo ponies. "There were literally about 20 people there, just family and very close friends. The service was conducted by the local priest," the duchess's spokeswoman said. She said a memorial service would be held on Thursday evening or Friday morning in Buenos Aires.



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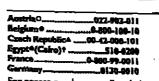
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